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Serreqi Affirms Desire for Strong Islamic Ties

AU0112112792 Tirana ATA in English 0917 GMT 01 Dec 1992

[Text] Tirana, December 1 (ATA)—Albania, as a state where people of the main religious beliefs live together in harmony, as a Balkan, European and Mediterranean country, represents a bridge of friendship between Europe and the Islamic world, Foreign Minister Alfred Serreqi said in a statement for the ALBANIAN TELEGRAPHIC AGENCY. He made this statement on the eve of the 6th Extraordinary Session of the Islamic Conference of the foreign ministers, to be held on December 1-2 in Jeddah of Saudi Arabia.

We consider this fact as an objective of specific importance for our foreign policy. We would feel happy to render our contribution to the approach and understanding of the peoples of different culture,traditions and beliefs, Mr. Serreqi said.

A point on the agenda of this session will also be the situation in Bosnia-Hercegovina. In this relation, Minister Serreqi pointed out that the Albanian delegation will maintain its already known stand, denouncing Serbia's genocide exercised mainly against the autochthonous population of Islamic belief under the pretext of the fight against Islamic fundamentalism, something which is not true just as it is completely baseless, the so-called big Serb assessment.

In continuation, Mr. Serreqi said that the existence in our country of an Albanian Moslem vital community, in which more than 70 percent of the population belongs to the Islamic religious belief, its traditional links with the Islamic world, have been and continue to be important factors for the further strengthening of relations between Albania and the Islamic countries. In this context we are looking forward to and praise as a marked event Albania's admission to this session,as a full member of the Islamic Conference organisation. The aid and solidarity of the friendly countries and peoples represented in this organization and, in general, of the European Community, are indispensable for us, Mr. Serreqi said in end of his statement.

Certain Deputies Oppose Ties

AU0212100792 Tirana ATA in English 1312 GMT 1 Dec 92

[Text] Tirana, December 1 (ATA)—The press conference of the Democratic Alliance Party of Albania dealt with two problems: the concern about the possible exclusion from the parliament of the six deputies adhering to this party and the concern about the possibility of Albania's adherence to the conference of Islamic countries, which begins today in Saudi Arabia.

At the beginning of this conference, the spokesman of this party Blendi Fevziu, acquainted the reporters with a press communique and a statement. The communique says that following the overt anti constitutional and unlawful acts regarding the discharge of the attorney general and the skipping in the multiname list of the deputies, the Democratic Party in power is preparing to dismiss from the parliament the deputies Arben Imami, Perikli Teta, Gramoz Pashko, Ridvan Peshkepia, Teodor Keko, and Afrim Jupi. The Democratic Alliance Party is of the opinion that the act of expelling the six deputies by the deputies themselves, not respecting the law, would be in essence a coup d'etat with very dangerous consequences for the democratic future of Albania.

Whereas the statement regarding the possibility of Albania's admission to the Islamic Countries Organisation says that Albania's adherence to this organisation is being made without the minimum of discussion, without first making public its status. This region, it says further on, is no part of Europe.

Albania's nonparticipation in it does not in the least mean nondevelopment of relations with the countries of this organisation. And finally, the decision to adhere to this organisation should have been discussed by the parliament first.

Then, Arben Imami and Prec Zogaj responded the questions by the reporters. They opposed the probability of the six deputies' exclusion from the Assembly, describing it as a law infringement. They explained that as long as the law creates no space for the creation of the parliamentary group, the group of the deputies will continue work as independent. To the question how will the party react provided the expulsion becomes a fact, they explained: If the ploy begins then we, too, will engage in it through democratic means, making the home public opinion and the international organisations sensible of this.

Whereas regarding Albania's adherence to the conference of Islamic countries, Mr. Imami and Mr. Zogaj explained that Albania both from the geographical point of view and civilization is nearer to Europe than to the Islamic countries. Our participation in this organisation is a charter in the hands of the Serb propaganda, which pretends to be hearth of European civilisation. They considered unacceptable the fact that 70 percent of Albania's population belongs to the Moslem belief. Except some religious communities, they said, one should bear in mind that a laic community also exists in Albania.

Karamfilov Declines BSP Offer To Form Cabinet

AU0112182092 Sofia Khorizont Radio Network in Bulgarian 1730 GMT 1 Dec 92

[Text] This evening Professor Zakhari Karamfilov informed Nora Ananieva by telephone that he will not accept the BSP [Bulgarian Socialist Party] offer of the prime ministership. He said that he had received an outright refusal from the SDS [Union of Democratic Forces] National Coordinating Council to support him, and subsequently decided that the idea of a broadly supported government cannot be realized.

Ananieva told our reporter that she was on her way to meet with another possible candidate, a well-known independent figure who is not connected with the BSP.

Here is the statement from the BSP Press Center on this issue:

Professor Karamfilov gave as the reason for his refusal the categorically negative position adopted by the SDS National Coordinating Council. This places the SDS in isolation from the social forces in regard to achieving a national consensus.

Karamfilov regretted that the formula of a government of national consensus that Bulgaria needs is approaching collapse because of the immaturity of certain political groups and state institutions.

The Parliamentary Union for Social Democracy [PSSD] will appoint its candidate for accepting a consultative mandate this evening.

[signed] BSP and PSSD Press Center.

BSP Meets To Choose New Candidate

AU0212084092 Sofia BTA in English 2111 GMT 1 Dec 92

[Text] Sofia, December 1 (BTA)—The supreme leadership of the Bulgarian Socialist (ex-Communist) Party (BSP), and the BSP parliamentary faction met late this evening to nominate a candidate for the premiership. However, the decision may be postponed.

Earlier today BSP leader Zhan Videnov and floor leader Nora Ananieva were received by President Zhelyu Zhelev. They said they would name the BSP candidate tomorrow, after which President Zhelev would assign him a mandate to form a government. The Socialists have difficulties naming a prime minister after Social Democrat Zakhari Karamfilov declined his nomination by the BSP late this afternoon, motivating his decision with the Union of Democratic Forces' refusal to support him. He had set the union's support as a major condition for accepting the nomination. According to Socialist Aleksandur Tomov, this was an absurd condition to state.

In official statements before the opening of the plenum, senior BSP leaders said an independent could still be nominated for the premiership. Several people have agreed in principle to accept this position. Prof. Nikolay Genchev, a historian; Petur Manolov, a dissident at the time of the communist regime; and Petur Boyadzhiev, leader of the Alliance for Bulgaria, have been mentioned as possible candidates. The possibility of a Socialist nominee cannot be ruled out, with Aleksandur Tomov and Georgi Pirinski as the most likely candidates.

Proposes Former Dissident Boyadzhiev

AU0212084792 Sofia Khristo Botev Radio Network in Bulgarian 0400 GMT 2 Dec 92

[Text] At the end of last night's plenum held by the Bulgarian Socialist Party [BSP] Supreme Council it was decided to propose Mr. Petur Boyadzhiev as candidate for the post of prime minister.

He is chairman of the Association for Bulgaria and a former political refugee.

According to the official information from the plenum, Aleksandur Lilov and Chavdar Kyuranov both supported the nomination.

Boyadzhiev Accepts BSP Nomination

AU0212114592 Sofia Khorizont Radio Network in Bulgarian 1000 GMT 2 Dec 92

[Text] President Zhelev this morning met Nora Ananieva, chairman of the Bulgarian Socialist Party [BSP] Coalition Parliamentary Group. The first thing that our reporter Diana Yankulova learned was that the three-days' deadline within which Mr. Petur Boyadzhiev, BSP nominee for the post of prime minister, is expected to try forming a government, begins as of today.

In the meantime Mr. Petur Boyadzhiev gave a news conference. This is what our reporter Nina Spasova related to us about the news conference:

Petur Boyadzhiev, at his party's [Alliance for Bulgaria] regular news conference, explained his reasons for accepting his nomination by the BSP and for trying to form a government at the Socialists' assignment.

His decision was neither spontaneous nor emotional, Mr. Boyadzhiev pointed out. He adopted his decision in agreement with the leadership of the Alliance for Bulgaria Party and in full awareness of the country's current situation.

Mr. Boyadzhiev is convinced that a unifying formula for overcoming the political crisis should be found.

According to him, there is hardly a chance for the Rights and Freedoms Movement [DPS] to be successful in forming a government, after the Union of Democratic Forces [SDS] was incapable of agreeing on a coalition government with the DPS.

The BSP leadership has not imposed any conditions upon Mr. Boyadzhiev in connection with the future cabinet, he insisted. He intends to adhere to the principles of balanced continuity and openness in selecting his

team. We shall address all 240 deputies in parliament, he declared. I have only moral commitments toward the BSP, he said, adding that he does not know yet whether he is going to invite Socialists in his cabinet, but he will beware of all political figures who have notorious affiliations with a political party.

Petur Boyadzhiev does not exclude the possibility of inviting some of the present cabinet ministers to join his future team. He is convinced that the cabinet he intends to propose has very good chances of being approved by parliament.

Selection Process Detailed

AU0212112592 Sofia BTA in English 0858 GMT 2 Dec 92

[Iva Toncheva report]

[Text] Sofia, December 2 (BTA)—At its plenum which continued till after midnight today the Bulgarian Socialist (former Communist) Party [BSP] decided to nominate Petur Boyadzhiev (41), a dissident during the communist regime, as its prime minister-designate. After the cabinet of the Union of Democratic Forces (SDS), headed by Filip Dimitrov, resigned in October and the SDS failed to form a new cabinet, now it is the turn of the Socialists who are the second political force in parliament to propose a cabinet. The Socialists declared that they would seek to form a cabinet of national consensus headed by a professionalist enjoying great prestige and not affiliated to any party.

Mr. Petur Boyadzhiev is the leader of the extraparliamentary party Alliance for Bulgaria. He has graduated in mathematics. In 1968 he was sentenced to ten years in prison on charges of subversive activities. On the eve of the invasion of Czechoslovakia by Soviet troops Petur Boyadzhiev was caught with two leaflets brought by Frenchman Alfred Foscault, the son of the founder of the Alliance Francaise in Bulgaria. Petur Boyadzhiev left Bulgaria illegally in 1981 and lived in France. In 1984 he set up a foundation there for assisting dissident activities in Bulgaria. He returned to Bulgaria last year and founded the Alliance for Bulgaria Party.

The former Communists had difficulties in making their choice. Last night they were refused by 57-year old economist Professor Zakhari Karamfilov because he was denied support by the SDS. The ethnic Turks' Movement for Rights and Freedoms (DPS) whose vote is decisive in the election of the new cabinet in parliament, declared its support for Professor Karamfilov but the Union of Democratic Forces stated that this was a "purely communist" candidature.

According to unofficial information, last night the Socialists were refused by another candidate but they declined to mention his name. In the course of their consultations the Socialists were refused by National Bank Governor Professor Todor Vulchev, by ex-Interior Minister in the cabinet of Dimitur Popov (1990-1991) Khristo Danov, by the presidential economic advisers Mariana Todorova and Lyuben Berov, and by the leader of the Confederation of Independent Trade Unions in Bulgaria, Professor Krustyo Petkov.

At their almost five-hour plenum last night the Socialists discussed three options—to give up their mandate, to nominate Petur Boyadzhiev, whose consent they had received in advance, or to nominate a Socialist. The Radical Alliance for Social Democracy insisted on the nomination of a Socialist. The names of economists Aleksandur Tomov M.P. and Georgi Pirinski M.P. were mentioned. But Petur Boyadzhiev's candidature prevailed in the end. Some abstained from voting but no one voted against the nomination of Petur Boyadzhiev at the plenum of the Socialists last night.

"This is a good candidature for us because it meets our requirements for our candidate not to be directly linked or not to be linked at all to our circles, to be in a state to throw bridges to other circles of the Bulgarian society and to be an advocate of national consensus," Socialist leader Nora Ananieva told the press after the plenum. According to Socialist Vladimir Topencharov, Petur Boyadzhiev who assisted the founders of the SDS, will receive sufficient parliamentary support. But the SDS declared that it would not support a government of the Socialists. Petur Boyadzhiev, leader of the Alliance for Bulgaria Party can hardly rely fully on the votes of the DPS either.

In an interview he gave for DUMA this September Petur Boyadzhiev said that his party is willing to cooperate with the BSP. He said then that after the results of the 1991 elections, won by the SDS, "the only possible and acceptable policy for Bulgarian society is the policy of national consensus." Even before the resignation of Filip Dimitrov the Socialists started appealing for a cabinet of national consensus. They wish to use their mandate for forming such a cabinet and not a purely socialist one.

President Zhelev is expected to sign a decree today appointing the nominee of the BSP as prime minister-designate and giving him a seven-day term to form a cabinet.

DPS Adopts No Final Stance on Future Cabinet

AU0212112092 Sofia BTA in English 1939 GMT 1 Dec 92

[Text] Sofia, December 1 (BTA)—The ethnic Turks' Movement for Rights and Freedoms (DPS) has two options. One is to vote confidence or no-confidence in the "programme cabinet of national consensus" without the direct participation of Bulgarian Socialist Party (BSP) with Professor Zakhari Karamfilov (member of the extraparliamentary Bulgarian Social Democratic Party) as prime minister-designate. The other is a coalition cabinet with the ruling Union of Democratic Forces (SDS) and the DPS if the DPS is assigned to form a cabinet, DPS leader Ahmed Dogan told journalists today.

He made this statement during a joint session of the Central Council of the DPS and its parliamentary group which continued for seven hours. We have not taken a final decision, we will decide after tomorrow's meeting between the parliamentary groups of the DPS and the SDS, Mr. Yunal Lyutfi, spokesman of the parliamentary group of the DPS, said after the session. Later on Social Democrat Professor Karamfilov said that he does not accept the offer of the BSP to form a "cabinet of national consensus" because he had not received the support of the SDS.

According to Mr. Dogan, there is willingness to form a coalition with the SDS in the DPS but this does not mean that it has decided to vote against a cabinet formed under the mandate of the BSP. "The option of a coalition cabinet of the DPS and the SDS should be clearly elucidated from the point of view of the responsibility both of the SDS and of the DPS, of parliament as a whole and of all democratic forces," Mr. Dogan added.

In his statement Mr. Dogan stressed that the DPS is in a delicate situation and is facing enormous responsibility. "In any case the formula of a new cabinet will go together with a pragmatic programme, clear ideas, parliamentary control and personalities representing the new political trend," Dogan said.

According to him, this is a turn to the centre rather than a left turn. "We don't want to revise the SDS policy, we want to create opportunities to help this country out of the overall crisis," the DPS leader said.

Asked whether a DPS cabinet had been discussed at the meeting, Osman Oktay MP of the DPS said a serious political organization should discuss all possible consequences of a political situation.

Early in the afternoon, before Prof. Karamfilov declined his nomination, Dogan met with Petur Dertliev, leader of the Bulgarian Social Democratic Party (BSDP). After consultations between the DPS and the Social Democrats, Ahmed Dogan said the movement approved of Prof. Karamfilov's nomination to the premiership, as well as of the priorities he stated a government headed by him would have. He added that the DPS would be pleased if a key figure like Zakhari Karamfilov formed a government of national consensus. Dogan stressed that such a government should be guaranteed by the majority in parliament because otherwise a narrow partisan cabinet will be formed.

According to Dr. Dertliev, it depends on the official position of the SDS whether Prof. Karamfilov will head a government. He stressed the BSDP would not enter a cabinet unsupported by the SDS.

SDS To Seek 'Preliminary' Contact With DPS

AU0112151192 Sofia Khorizont Radio Network in Bulgarian 1400 GMT 1 Dec 92

[Text] The memorandum of the Union of Democratic Forces [SDS], which surveyed all the actions that led to the fall of Filip Dimitrov's government, is not ready yet. This became clear at the traditional SDS news conference. This morning the coalition leaders discussed another issue: Whether and how to seek contacts with the Movement for Rights and Freedoms [DPS]. Mikhail Nedelchev, SDS spokesman, said at the news conference that it had been decided to seek preliminary contacts with the DPS.

[Begin Nedelchev recording] Two representatives of the SDS leadership, namely Mr. Ivan Kurtev, SDS chief secretary, and Mr. Ilian Shotlekov, deputy chairman of the SDS parliamentary faction, were today authorized to effect preliminary contacts with DPS representatives. This means with representatives of the DPS leadership and its parliamentary faction. Naturally, the basic topic of the contacts will be the demand, request, or as it appears, the inability of the Communists who now call themselves Socialists, to form a cabinet, in accordance with their constitutional mandate. [end recording]

Aleksandur Yordanov, deputy chairman of the SDS National Coordinating Council, stressed at the news conference that the decision to seek preliminary contacts with the DPS does not mean a change in SDS policy.

[Begin Yordanov recording] The views of the SDS National Coordinating Council, which rely on the decisions of our last political conference in September, have not changed. There cannot be a change, because the document adopted at the beginning of September by the political conference is exceptionally well balanced. It outlines a principled position and at the same time clearly poses the question of maintaining a dialogue with all democratic political forces. Of course, we assess those forces from the viewpoint of how close to or how far from the Communist Party they are.

Now the mandate of the Bulgarian Socialist Party [BSP] and their attempt to form a government is a test. Therefore, now it will become clear what really are the democratic forces in Bulgaria. I am convinced that time will show that those who now will offer their hand to the BSP, regardless of what form or with what words, will practically place themselves on the list of nondemocratic forces. Consequently, the SDS will have no further dialogue with those forces. [end recording]

Political Groups View Possible BSP Cabinet

AU0212091492 Sofia BTA in English 1945 GMT 1 Dec 92

["Today"—BTA lead]

[Excerpt] Sofia, December 1 (BTA)—The extraparliamentary political forces expressed at news conferences this morning their views on the possible formation of a cabinet by the Bulgarian Socialist Party (BSP) and the nomination of Prof. Zakhari Karamfilov to the premiership. The BSP's efforts to form a government are unrealistic, said Aleksandur Karakachanov, chairman of the Green Party, stressing that the Greens would not support him. Anastasiya Mozer, leader of the Bulgarian Agrarian

Party, said the Agrarians would not support a cabinet named by the BSP and declined to comment on Prof. Karamfilov's nomination. George Ganchev, leader of the Bulgarian Business Bloc, said he supported Prof. Karamfilov in principle but had reservations about him as a political figure. "I am looking forward to the elections," Ganchev said. Social Democrat Zakhari Karamfilov declined the nomination in a telephone talk with BSP floor leader Nora Ananieva late in the afternoon, BTA learned from a source close to the BSP. Prof. Karamfilov motivated his decision with the Union of Democratic Forces' refusal to support him.

Romania has taken no actions in response to the note handed by the Bulgarian Foreign Ministry to the Romanian ambassador in Sofia yesterday, protesting the unilateral introduction of custom charges on petrol several days ago. Private motor vehicles are charged 200 percent on the cost of a tankful of fuel (45 litres) and 400 percent on the volume of cans of petrol carried by them. Bulgarians unable to pay the exorbitant charges have been waiting for several days in the cold. Black marketeers are selling food at steep prices around Calafat, BTA's correspondent reported.

Deputy Foreign Minister Valentin Dobrev received U.S. Ambassador Hugh Kenneth Hill at his request today, BTA learned from the Foreign Ministry's spokesperson. Mr. Dobrev informed Mr. Hill of the government decree on measures in compliance with UN Resolution 787 on tighter sanctions against Serbia and Montenegro. Valentin Dobrev stressed that the decree envisages checks of shipments on the Danube River as required under the resolution. The decree will take effect upon its publication in DURZHAVEN VESTNIK. Mr. Dobrev drew the ambassador's attention to the expected further losses from the introduction of the new measures. The Foreign Ministry is preparing a memorandum to the UN Security Council and the EC Commission requesting compensation. [passage omitted]

BSP Ability To Achieve Consensus Viewed

AU0212103992 Sofia KONTINENT in Bulgarian 23 Nov 92 p 6

[Rumyana Bratanova commentary: "National Consensus Is Not a Matter of Willingness, but of Ability To Achieve It"]

[Text] We are facing a week of strikes by arms industry workers and unrest in connection with the power supply situation, a week of party members being rejected and party ranks purged in preparation for elections—a week of great national confusion altogether. We have lived long enough to see the former Communists, who lost the last elections, try to form a new government. The century-old party, which over the last three years has been eagerly training in social democratic aerobics and modern fitness methods, flexed its arthritic joints and joined the race. Do the ex-Communists really believe their time has come? Why not, since they have such convenient opponents, who have made so many mistakes that the unbiased observer cannot help suspecting the Union of Democratic Forces [SDS] of having deliberately forfeited its chances. In that case why should we be so disappointed? Was it not perfectly clear that Filip Dimitrov's last nomination for the post of prime minister made new elections inevitable, as all the disasters that have hit our country over the last year have been. The forthcoming elections are our democratic misfortune, just as the drought and the extremely wet conditions were our socialist misfortunes.

The idea of national consensus, which the ruling decommunizers cast off like a useless object, did not get lost on the dung-heap of political values for long, but was picked up by the careful hand of the Bulgarian Socialist Party [BSP], which placed it on the small pile of cast-off SDS ideas that the Socialists have been collecting for a long time. The only strange thing, however, is that this idea has the curious quality of not working for everyone in the same way. While the SDS rejected it, the BSP is incapable of using it. We are no longer in 1990, when this very idea operated under the circumstances of a similar, or even more serious government crisis, and more or less successfully led us through the hardest and hungriest winter in the lifetime of several generations. The situation today is different. Observers somehow seem uninterested in the current stage of the crisis, as if it were part of a political show, while real politics is made elsewhere. The BSP is expected to discover respected politicians whom the Rights and Freedoms Movement [DPS] would accept, while at the same time they should be ready to get involved in the dubious adventure of a BSP government. Much as I dislike him, I have to cite one of commentator Bocharov's wisdoms: "Such an animal does not exist." What competent specialist such as Professor Todor Vulchev or G. Petrov would be ready to sacrifice himself on the altar of politics after having managed to resist its temptations for several decades?

It is even more interesting to point out that the SDS has declared its readiness to start preparations for the elections on a local level as of today. The separation of the Ludzhev group from the coalition is expected in the next few days (presumably on Tuesday 24 November). This group deliberately postponed its own separation and lost the initiative. It has no time to organize so as to avoid remaining in isolation as happened to the other "separatists" a year and a half ago. If elections are really held in February, or March 1993, there is not much time to form a new parliamentary group capable of exerting a decisive influence. There will not be enough time to establish the first pro-trade union party either. After thoroughly purging itself, the SDS is likely to approach one of the nationalist parties it has so far avoided. An alliance with the monarchist parties has also been mentioned as a possibility in one of DEMOKRATSIYA's latest issues. This is how the coalition will most probably become definitely right-wing, something so far denied, despite the legislative acts of the SDS that pointed in this direction.

The extra-parliamentary opposition is also likely to join the election game, but will it be capable of forming a new, non-communist coalition? There will be too much time for the prolongation of the government crisis and too little time for the next elections, which are likely to repeat the current, hopeless state of affairs in parliament, while not too long ago they promised us that "time is ours" [SDS slogan of the last elections].

Decline in BSP's Public Image, Prestige Viewed

AU0212115892 Sofia KONTINENT in Bulgarian 27 Nov 92 p 6

[Georgi Asyov commentary: "Caricature of Former Greatness"]

[Text] If a party wants to rule, it should at least be a party. Since at present the Bulgarian Socialist Party [BSP] is again trying to deceive the public by claiming that it can govern, one should ask oneself whether the BSP really is a party.

If an organization wants to call itself a party, it should have a world outlook and an idea about what must change in the existing reality and how to do this. For several years now the BSP has had no tenets or ideology from which it could draw its strategy and tactics. Consequently, the road along which it could lead the country will be nothing but its own dead-end street.

If an organization wants to be a party, it must find its own social basis, whose interests it will defend and express. At present, despite its indigent whining, the BSP has very little in common with the so-called working strata of the population, whose interests a real socialist party usually expresses. Furthermore, the BSP is no longer even the party of its own nomenklatura, which quickly became middle-class, and consequently needs a different political representation. Today the basic function of the BSP is to use populist demagogy in an attempt to save the most hopeless of Zhivkov's cadres—those who cannot earn their bread in any other manner than by being members of the apparatus. However, despite its reactionary character, the BSP could be useful in the parliament, because even the worst opposition is better than no opposition at all.

From a membership of 960,000 during the time of Todor Zhivkov, the former Bulgarian Communist Party now has only 200,000 members, and only 80,000 of them pay membership fees. The overwhelming majority of them are pensioners, who can no longer be a source of material support, public energy, or intellectual revival.

The entity that is trying to convince us that it could rule is a pitiful caricature of former greatness that will never be raised to life again.

Vice President Explains Relations With Zhelev

AU0212101192 Sofia BTA in English 2148 GMT 1 Dec 92

[Text] Sofia, December 1 (BTA)—"I feel isolated from the president," Bulgarian Vice President Blaga Dimitrova said in an interactive television dialogue on Efir 2 this evening. Mrs. Dimitrova, a popular poetess and intellectual, answered questions put on the phone.

Asked about her relations with the president, Blaga Dimitrova said: "Though we started working together several years ago, I spoke out when I realized that our views diverged because I believe the public should be informed. Both of us speak of common sense but it seems that we see it differently." Mrs. Dimitrova referred to their different views on the Union of Democratic Forces, which formed this country's first noncommunist government and of which they both are members.

Dialogue with the opponents is a solution to all problems, Blaga Dimitrova said. According to her, the sign-in campaign against President Zhelev was too extreme an action. The idea of national consensus, which has been overused recently, is a populist idea, in her view. The vice president believes that unprincipled consensus blurs the aims and the road, while the only real link can be the shared concern for the country's future.

"As vice president I am not primarily a political figure," Mrs. Dimitrova said. "I tackle mostly social problems—my aides and I are trying to help orphan homes and cultural institutions," she added.

Mrs. Dimitrova also spoke about the decommunization of the Bulgarian society and the intellectuals' role in this process, as well as about the new figures in political life. She said the intellectual community should be much more active in social reforms. "We are still less informed than we should be," Vice President Blaga Dimitrova said. In her view, information still is under the control of the secret services but their role should not be overrated.

Arms Sales to Macedonia Government Criticized

AU0212111192 Sofia 24 CHASA in Bulgarian 25 Nov 92 p 6

[Article by Ilija Ilievski, chairman of the Macedonian Human Rights Party: "People in Macedonia Are Asking Whom Bulgaria Is Arming"]

[Text] These lines are prompted by the report that official Bulgarian representatives have held negotiations on arms with the Macedonian leadership.

Is it possible to give arms to people who until recently were serving the Serbian interests in Macedonia, and now are doing everything possible to harness the Republic to the cart of Serbian and Montenegrin Yugoslavia? Many people in Macedonia are asking: Will

Bulgaria really arm the enemies of democracy in the Republic, who for a century and a half have ruled with a mailed fist?

To sell weapons to the Macedonian leadership means to put them into the hands of the fanatical supporters of Serbia and the antidemocrats and, what is more horrifying, these weapons will be transferred to the Serbian Army in Kosovo and Bosnia-Hercegovina. Will Bulgaria assume the risk and responsibility for the fresh bloodshed that may be provoked with Bulgarian weapons?

Certain people in Skopje have a panicky fear that the open border with Bulgaria may undermine their power. For this reason, they believe that their power should be supported with arms, because the regime is essentially undemocratic. However, why is Bulgaria giving arms to the opponents of Bulgaria?

The answer to this question is childishly simple: It is because the Skopje government continues to regard Serbian and Montenegrin Yugoslavia as its mother state, with which Macedonia may one day reenter into federal alliance.

The democratic opposition in Macedonia does not need arms; it wants an open border, books and newspapers, ideas and advice, aid and solidarity. Democracy in Macedonia has a future only if fraternal Bulgaria, its people, and its state leadership help all true democrats and patriots.

Bulgaria was the first to recognize Macedonia, but it recognized the right of the people in the Republic to freedom and self-determination, not the right of the regime to settle accounts with those who think freely.

Commentary Denounces Defense Workers Protests

AU0112150692 Sofia DEMOKRATSIYA in Bulgarian 26 Nov 92 p 3

[Anita Stanislavova commentary: "Merchants of Death Provoke Unrest"]

[Text] No matter how we interpret this, it is profoundly immoral that precisely the weapons producers and merchants provoke social unrest. Until recently this profitable business was concealed from the eyes of the public as an ignominious sickness, and the "imperialistic threat" was used as the only justification for its existence. Today there are experts, trade union leaders, and presidential advisers who try to convince us that precisely the merchants of death are Bulgaria's only salvation.

Since the lack of morality in such a position does not impress anyone, it was only logical to progress toward illegal actions such as the blocking of roads and railroads, creating tension, and provoking clashes. The producers and merchants of death could profit from this. All conflict throughout the world is profitable for them, and often they provoke it themselves. In the final analysis prudent people, pushed toward clashes, regardless of the proclaimed cause—and it is always a just cause—always become cannon-fodder. It is very possible that the proverb "he who lives by the sword dies by the sword" will indeed prove itself....

Naturally, the president is above all this. When two years ago he visited the weapons plants in Sopot, Iliya Gunchev, Metalkhim chief, said something about 2 billion [currency not specified] of debts. The president diligently noted the figure. However, he did not note what the workers told him, namely, that the communist nomenklatura in the system remained intact. "You have your trade unions," was the answer they received. However, it came out that the interests of the big trade union bosses coincide with the interests of the merchants of death.

Report on Gabcikovo 'Favorable' for CSFR

AU0112131992 Prague CTK in English 2049 GMT 27 Nov 92

[Text] Bratislava, Nov 27 (CTK)—The report by a European Community (EC) expert commission on the Gabcikovo hydroelectric project on the Danube is favorable for the Czechoslovak side, Julius Binder, director of "Vodohospodarska Vystavba" enterprise, which is building the project, said on Slovak Radio tonight. He was speaking from Brussels where he is attending talks between representatives of Czechoslovakia, Hungary, and the EC.

According to Binder, the expert report says that no ecological disaster will be caused by the Gabcikovo hydroproject and that all its parts are fully functioning. Binder also said that EC experts have called on Hungary to cooperate in adjusting the old Danube's bed. In the talks, Binder said, the Hungarian delegation has been stubbornly asserting the implementation of the "D" variant of coping with the project, that is its destruction.

In view of Hungary's attitude, he does not expect that the report by the EC expert commission will be discussed and evaluated in the Brussels meeting, Binder said. The group of experts consisting of representatives of Czechoslovakia, Hungary, and the EC started discussing various aspects of the controversial Danube project on November 6. The Gabcikovo-Nagymaros water works started to be built jointly by Czechoslovakia and Hungary in 1978. In 1989, Hungary unilaterally halted work on its part of the project at Nagymaros citing environmental reasons. In May 1992 Hungary rescinded its 1977 agreement with Czechoslovakia on the construction of the twin-dam project while Czechoslovakia went ahead with its part at Gabcikovo.

Following the damming of the Danube, against which Hungary resolutely protested, first electricity was produced at the Gabcikovo hydroelectric plant October 26 and navigation in a new canal opened November 10.

Paper Carries Text of Law Ending Federation

AU0212092692 Prague MLADA FRONTA DNES in Czech 26 Nov 92 p 6

["Constitutional Law on the Termination of the Czech and Slovak Federal Republic Adopted by the Federal Assembly Yesterday"]

[Text] Taking note of the resolutions of the Czech National Council and the National Council of the Slovak Republic, the Federal Assembly of the Czech and Slovak Federal Republic has resolved the following constitutional law:

Article 1

1. At midnight on 31 December 1992, the Czech and Slovak Federal Republic shall cease to exist.

2. The successor states of the Czech and Slovak Federal Republic are the Czech Republic and the Slovak Republic.

Article 2

The powers [pusobnost] vested in the Czech and Slovak Federal Republic by constitutional and other laws shall be transferred to the Czech Republic and the Slovak Republic on 1 January 1993.

Article 3

1. With the termination of the Czech and Slovak Federal Republic all state bodies of the Czech and Slovak Federal Republic shall cease to exist. The Armed Forces and armed security corps of the Czech and Slovak Federal Republic, budget-funded and subsidized organizations linked to the Czech and Slovak Federal Republic Government budget, and state organizations in the jurisdiction of the Czech and Slovak Federal Republic that have been established by law shall be terminated at the same time.

2. Upon the termination of the Czech and Slovak Federal Republic, the Czech Republic and the Slovak Republic may not use the state symbols of the Czech and Slovak Federal Republic.

Article 4

1. As of the date specified in Article 2, legislative power in the Czech Republic shall be vested in a legislative body composed of the deputies elected in the 1992 elections in the Czech Republic to the Federal Assembly of the Czech and Slovak Federal Republic and to the Czech National Council. The internal character of this legislative body shall be defined by a law of the Czech Republic in accordance with Article 7.

2. As of the date specified in Article 2, legislative power in the Slovak Republic shall be vested in a legislative body composed of the deputies elected in the 1992 elections in the Slovak Republic to the Federal Assembly of the Czech and Slovak Federal Republic and to the Slovak National Council. The internal character of this legislative body shall be defined by a law of the Slovak Republic in accordance with Article 7.

3. The provisions of the Law on Elections to the Federal Assembly regarding departure from post shall remain unimpaired.

Article 5

As of 1 January 1993, the powers [pravomoc] vested on the day of the termination of the Czech and Slovak Federal Republic in the Government of the Czech and Slovak Federai Republic on the territory of the Czech Republic shall be vested in the Government of the Czech Republic, and the powers vested on the day of the termination of the Czech and Slovak Federal Republic in the Government of the Czech and Slovak Federal Republic on the territory of the Slovak Republic shall be

vested in the Government of the Slovak Republic, unless the constitutional law of the Czech Republic or constitutional law of the Slovak Republic provides otherwise.

Article 6

1. As of 1 January 1993, the powers [pravomoc] vested on the day of the termination of the Czech and Slovak Federal Republic in the Supreme Court of the Czech and Slovak Federal Republic on the territory of the Czech Republic shall be vested in the Supreme Court of the Czech Republic, and the powers vested on the day of the termination of the Czech and Slovak Federal Republic in the Supreme Court of the Czech and Slovak Federal Republic on the territory of the Slovak Republic shall be vested in the Supreme Court of the Slovak Republic, unless the constitutional law of the Czech Republic or constitutional law of the Slovak Republic provides otherwise.

2. As of 1 January 1993, the powers [pravomoc] vested on the day of the termination of the Czech and Slovak Federal Republic in the Constitutional Court of the Czech and Slovak Federal Republic with respect to the bodies, institutions, and citizens on the territory of the Czech Republic shall be vested in the Constitutional Court of the Czech Republic, and the powers vested on the day of the termination of the Czech and Slovak Federal Republic in the Constitutional Court of the Czech and Slovak Federal Republic with respect to the bodies, institutions, and citizens on the territory of the Slovak Republic shall be vested in the Constitutional Court of the Slovak Republic, unless the constitutional law of the Czech Republic or constitutional law of the Slovak Republic provides otherwise.

Article 7

Prior to the termination of the Czech and Slovak Federal Republic the Czech National Council and the National Council of the Slovak Republic may adopt constitutional and other laws to take effect on 1 January 1993 at the earliest to guarantee the execution of powers transferred to the Czech Republic and the Slovak Republic in accordance with Article 2.

Article 8

1. It shall be legitimate for the Czech Republic and the Slovak Republic to sign treaties prior to the termination of the Czech and Slovak Federal Republic on arrangements of the mutual relations regarding matters that fall under the jurisdiction of the Czech and Slovak Federal Republic, provided that these treaties take effect upon the termination of the Czech and Slovak Federal Republic.

2. It shall be legitimate for the Czech Republic and the Slovak Republic to sign international treaties with third countries by their respective names prior to the termination of the Czech and Slovak Federal Republic, provided that these treaties take effect upon the termination of the Czech and Slovak Federal Republic.

Article 9

This constitutional law takes effect on the day it is promulgated.

Difficulties of Dividing Federal Army Reviewed

AU0112152992 Prague CESKE A MORAVSKOSLEZSKE ZEMEDELSKE NOVINY in Czech 26 Nov 92 p 5

[Article by Jan Sotona: "How Is the Army Divided"]

[Text] Preparations for the division of the Army are in full swing. This month various transports of military property can be observed en route on highways and railroads. Nevertheless, hundreds of tonnes of material, technical equipment, and ammunition will move from the Czech Republic to Slovakia by 1994.

The property of the Czechoslovak Army undoubtedly represents the largest part of all federal assets—approximately two-thirds of it.

Defense in Numbers

Expressed in concrete terms, as of 30 June 1992, federal assets reached the sum of 426,097.5 million korunas. Military technology, equipment, materiel, and ammunition deployed in the territory of the Czech Republic formed approximately 327,552 million of this amount. Because of the disproportional distribution, however, the assets of the future Czech Army will be substantially smaller—approximately 293,658 million. A large part of this property will be divided according to the 2:1 ratio, and another criterion is the territorial principle (mostly buildings, airports, and other military facilities).

Inventories of military hardware indicate that on 17 July 1992, the Czechoslovak Armed Forces had 3,208 tanks, 4,487 armored carriers, 3,404 artillery systems, 440 combat aircraft, and 56 helicopters. Most of this equipment will be divided in the ratio of 2:1.

The final inventory of the two future armies will be affected by one additional factor. Czechoslovakia is bound in the sphere of defense by numerous international treaties that also will have to be divided. One of the key agreements in this respect is the Treaty on Conventional Forces in Europe, which specifies maximum quantities of arms and technical equipment. According to this treaty, by November 1995, the CSFR must reduce its arms to 1,435 tanks, 2,050 armored carriers, 1,150 artillery systems, 345 combat aircraft, and 75 helicopters. The treaty will be transferred to the republics in accordance with the proportional key practically immediately. Superfluous hardware has been withdrawn from use and collected in special storehouses. It will not be moved in the framework of the division, but sent directly for liquidation.

Air Force Is the Greatest Difficulty

While the infantry has on the whole been distributed in the framework of the redeployment implemented in the Army since 1990 quite evenly throughout the territory of the CSFR, as a result of the defense orientation of the former regime against a possible attack from the West, most of the airports are deployed on the territory of the Czech Republic. The Air Force and air defense are becoming the hardest nut to crack in the division of the troops. First of all, despite the abundant technology available, the building of military airport facilities with the appropriate technical equipment and an efficient defense system will probably represent a considerable financial problem. The unusually high number of types of aircraft used by the Czechoslovak Air Force os causing serious complications. When the aircraft are divided, one must consider not only the type but also which type of aircraft the airmen who are to serve in that particular republic were trained on, and which machines they could be retrained on, if necessary.

Can Officer Transfers Be Expected?

In addition to the property and technical aspects, there is the human factor that must not be forgotten. According to the Federal Ministry of Defense, 2,580 officers and NCO's of Czech nationality serve in Slovakia, and 8,685 Slovak professional soldiers serve in the Czech Republic. By the end of the year, they will have to decide whether to stay or move to their native republic. According to a preliminary survey among the soldiers by the Ministry of Defense, no mass "green [uniform]" movement will take place. Despite doubts expressed by the ministry leadership regarding the survey because only a small sample of soldiers took part, the outcome is more discouraging for Slovakia. It is the young and inexperienced officers who have indicated an interest in returning home because, unlike their older colleagues, they are not bound to the site of their service by ties of family, friendship, or property. The shortage of genuine experts from the ranks of the current Ministry of Defense and the General Staff in Prague and the Air Force is of particular concern verging on a crisis for the future Slovak Army. Many of those who contemplated their return from Bohemia or Moravia have been discouraged by threats from the Association of Slovak Soldiers. Therefore, it does not come as a surprise that intensive interviews are currently being conducted at the suggestion of the Defense Ministry particularly with the airmen.

National Armies at the Starting Line

The Czech Republic has a great advantage in building the command structure. To put it simply, on 1 January, some of the officials will leave the current Federal Ministry of Defense and the General Staff for Slovakia, and the remainder will operate as the Ministry of Defense and the General Staff of the Czech Army. The Slovak Republic, on the other hand, will have to build these structures anew on the basis of the present Military Command East in Trencin; not only the partially existing infantry command but, above all, the strategically more advantageous inland location speaks in favor of Trencin—as opposed to Bratislava. In the building of the future national armies, as has repeatedly been emphasized, both political sides will try to eliminate from their combat structure the surviving so-called Soviet syndrome. While in Slovakia, the plan of this transformation is directly tied to the creation of the Army, in the Czech Republic, according to the relevant officials, it will be gradually implemented over a longer period. Hence, the Armed Forces of the Czech Republic can make use here of some of Slovakia's experience.

According to the ideas of the current political representatives, the future Czech Army should be transformed in this manner into a small, completely professional Army with modern equipment within a reasonable time.

Czech Prime Minister Views Policy Issues

LD0112220992 Prague Stanice Praha Radio Network in Czech 1800 GMT 1 Dec 92

[Interview with Czech Prime Minister Vaclav Klaus by correspondent Vaclav Musilek; place and date not given—recorded]

[Excerpts] [Musilek] Mr. Prime Minister, the constitutional bill on the termination of the Federation has been passed. The biggest obstacle in the path of the constitutional end of the Federation was [word indistinct]. Nevertheless, this does not mean that the division will be conducted without conflicts. In your opinion, will the solution to the current problems concerning the division of property require another top level meeting?

[Klaus] Absolutely. It will definitely require this meeting. One big knot has been untied, but there are many little knots, which will be felt every day up to 31 December. So we cannot have any illusions and should not think that we can take a rest as far as certain tasks are concerned. The property division will represent a long and painful process in which it is not possible for us to pretend to be completely negative. One has to find some reasonable compromises from all sides.

[Musilek] Last week, our government managed to take another very important step—to compile the first budget of the independent Czech state. Mr. Prime Minister, could you explain the principles around which the budget has been conceived?

[Klaus] The budget evolves from a very detailed analysis of the Czech economy in the current year and, de facto, it has been added to this analysis. So we must know approximately where we stand with regard to economic development, what we can or must afford. That is the first thing I would like to mention. The second thing is that this budget is difficult because several things are variable at the same time. There are changes in the taxation system, there are changes in the system of health insurance and payments for health care, but in the main, there have been changes as far as the state is concerened.

There has been movement in the powers which are being transferred to the Czech Government. So there is a lot of uncertainty and because of this the budget is really difficult. So I am very glad that it was put together successfully, in essence, as a balanced budget. I hope that the Chamber of Deputies, the Czech National Council, will not add to the excessive creativity which exists there and which must exist there. That is the task of the parliament, but the individual lobbies must not gain the upper hand because industrial lobbies will be heard there or lobbies from agriculture, of railwaymen, scientific lobbies, lobbies from large cities, lobbies from border regions, meat producers, steel producers, and so on. [passage omitted]

[Musilek] I would like to return to (?the changes). The biggest item on the income side of the budget next year will be the value-added tax. This might bring with it certain dangers arising from the expected problems connected with the start of the tax system as a whole?

[Klaus] I cannot say, nobody can say. If there is a completely new tax system it will naturally be complicated for a while. That is true, just as it is in Canada so in the Czech Republic. I noticed on Saturday [28 November] that Poland also approved a transition to value-added tax and I was interested to hear that it is not embarking on it as of 1 January but, if I am not mistaken, on 3 July. Indeed, I read the report five times to make sure that I did not make a mistake. This means that it will make one budget up to about 3 July and the second budget from 3 July till the end of the year. So different countries solve this in different ways. No doubt, there will be problems. [passage omitted]

[Musilek] In compiling the expenditure side of the state budget a tragic nursery rhyme about the little piggy who had roast beef and the little piggy who had none comes to mind. Mr. Prime Minister, which areas did you aim at, which were the luckier ones, where did you find that there is a need to give more and, conversely, where was there a little bit less this time?

[Klaus] Well, I would like to put it simply. There is a great change under way in the entire concept of health care and this change in concept also brings about vast movements of funds which go into health care. It is a bit complicated in that in the past this always came from the state budget, and now it does not come fully from the state budget, not even most of it is from the state budget; there is a health insurance company in the middle. At first sight, it appears from the state budget expenditure that what the budget spends on health care is falling sharply. But that is a fiction because now health care will be paid for in a different way so that the fact that it has fallen in the state budget does not mean that there has been an fall. In fact, health care next year will get substantially more money than at any time in the past. We are not discussing here whether or not it is necessary, whether it is right or wrong, whether it will cause a certain turn of health care for the better, nevertheless it is true. It is simply true and this shift somewhat restricted the budget—no other department is so successful—although health care employees will continue to say that it is still very little. But I think this is the greatest and most marked shift, which has occurred in the budget.

CSSD Issues Statement on Demise of CSFR

LD0112204192 Prague Stanice Praha Radio Network in Czech 1130 GMT 1 Dec 92

[Text] Jiri Horak, chairman of the Czechoslovak Social Democracy [CSSD], briefed the press today on the party's statement on the ending of the CSFR. The statement says:

The CSSD deeply regrets the termination of the common state of Czechs and Slovaks. In spite of all the shortcomings this state was a homeland to them and hundreds of thousands of them gave their lives for it. This demise was not an unavoidable necessity, it was merely an expression of inability to achieve mutual agreement by decisive political forces on the future coexistence of the two nations. We [the CSSD] did not cause the break-up of our state. On the contrary, our party remained faithful to the common state of Czechs and Slovaks from the formation of this state to its end.

However, as a state-forming and democratic party we accept the decision of the Federal Assembly on the termination of the CSFR and we will contribute to the establishment of the Czech Republic. We will strive to ensure that the future relations between the Czech Republic and the Slovak Republic are not burdened by unnecessary conflicts and for both nations to be able to link their future cooperation to the good traditions that have been created in their coexistence thus far.

Officials View Czech-Slovak Property Disputes

AU0112132092 Prague CTK in English 1308 GMT 28 Nov 92

[Excerpts] Prague, Nov 28 (CTK)—Most Czech dailies today comment on the recent statement by Czech Privatization Minister Jiri Skalicky that if the Czech and Slovak Republics do not reach agreement on property division, the Czech National Property Fund may decide not to pass to Slovak shareholders the shares they gained in the first wave of privatization.

In LIDOVE NOVINY Karel Kriz says: This week has witnessed a marked escalation of Slovak property claims. Meciar's government has decided to claim a sort of reparations, probably led by the slogan 'the Czechs have money, why not to ask for them?' The Czech side, thus far willing to offer gifts, has decided this time, when not only justice, but also honor are at stake, not to yield. The most marked expression of this resolve has been the appearance by Czech privatization Minister Jiri Skalicky.... He pointed out not only the big disproportion in mutual investment, but also a substantially higher standing of Czech enterprises' shares.

Meciar's latest statements on the transit gas pipeline prove that property division is entering a wild stage and heralds deterioration of political relations as well, Kriz says in the paper. LIDOVA DEMOKRACIE says that both sides outtrump one another, but this is a confrontational attitude to the division of property and a judicious person must ask when and especially how such a dialogue may end. It would be much more reasonable to accept the opponent's matter-of-fact arguments and reach agreement. For both sides.

In MLADA FRONTA DNES, Petr Simunek writes that though Skalicky says the opposite, the refusal to pass shares (to Slovak shareholders) would breach the principle of inviolability of private property. The Slovak side would reply with the same step and investors from the Czech Republic would lose shares whose total book value is 4,500 million crowns (about 170 million USD [U.S. dollars]).

Moreover, in the division of federal property, the coupon war would spill over to other areas and the stability of future (Czech-Slovak) relations would be greatly affected. It is to be wished that the threat (by Skalicky) was only a resolute appeal to all to honor the tolerance and 'restraint' that have been agreed on, the paper says. [passage omitted]

Bratislava—The Slovak daily PRAVDA carries an interview with Darius Rusnak, director of the Slovak National Archives, who says that a surprising find has been made during search for documents on the Slovak State's gold treasure. We have found valuable materials from the years 1944-51 on the most important operations of the then existing banks, concerning depositing Slovakia's gold treasure in the Bern-based Swiss National Bank and in the Basle-based International Payments Bank, and its postwar transfer to the Czechoslovak National Bank in Prague. Rusnak says that this gold treasure was created during the existence of the independent Slovak State in 1939-45, and therefore should be returned to Slovakia even though it is deposited with the Czechoslovak State Bank in Prague. [passage omitted]

The youth daily SMENA quotes Slovak privatization Minister Lubomir Dolgos who said that his Czech counterpart Jiri Skalicky is playing with fire when he says that the Czech National Property Fund may not pass to Slovak shareholders the shares they gained in the coupon privatization. This may adversely affect the whole privatization process, Dolgos said.

In the trade union daily PRACA, Czechoslovak State Bank Vice-Governor and a member of the Slovak Government Commission for the Division of Czechoslovak Property Marian Tkac says that the Czech side came with the problem of dividing the coupon privatization in order to challenge Slovakia's claims to gold and buildings of federal bodies. [passage omitted]

SDL To Support Repeal of Screening Law

LD0112180492 Prague CTK in English 1357 GMT 1 Dec 92

[Text] Bratislava, Dec 1 (CTK)—The Democratic Left Party (SDL) will support the repeal of the "Screening Law" in the Slovak National Council (parliament), SDL Chairman Petr Weiss told journalists today. He added that the SDL has opposed the law since the beginning. The screening law, passed by the Czechoslovak Federal Assembly (parliament) October 4, 1991, bars former Communist Party officials, People's Militia members and Secret Police (STB) agents and collaborators from high political and economic posts until 1996. The Czechoslovak Constitutional Court in a November 26, 1992, ruling declared some parts of the law unconstitutional.

In connection with the creation on Tuesday [1 December] of a new Conservative Party in Slovakia, the Civic Democratic Party of Slovakia, Weiss said he views favourably the creation in the shortest possible time of a balanced political scene of parties capable of asserting the interests of all decisive social classes and groups. He added, however, that he is sceptical of the creation of a right-wing party with the political reactivation of personalities who worked with the Civic Democratic Union (ODU) or who come from the remains of the Federal Civic Democratic Party in Slovakia.

Weiss said he sees the Slovak National Party (SNS) especially as a source of right-wing politics, adding that a great potential is also in several groups in the Movement for a Democratic Slovakia (HZDS). He said the political scene is moving toward crystalisation along with the formation of the social structure of Slovak society and in the context of real expert and political conflicts which he expects from the enforcement of government policies.

NATO's Effect on National Security Examined

AU0112121992 Budapest UJ MAGYARORSZAG in Hungarian 27 Nov 92 p 9

[Interview with Gyorgy Granasztoi, Hungary's ambassador in Brussels, by correspondent identified as "Sz.A"; place and date not given: "New Challenges, Unknown Risks—Hungary's Security and NATO"]

[Excerpts] Hungary's ambassador in Brussels Gyorgy Granasztoi, who is responsible for liaison between Hungary's leadership and the NATO leadership, was present at the founding session of the Hungarian Atlantic Council on 9 November. In a short lecture to the representatives of this organization of committed believers in NATO ideas, Gyorgy Granasztoi spoke about Hungary's relations with NATO. We asked the ambassador to give us some details about the issues discussed there. [passage omitted]

[UJ MAGYARORSZAG] NATO plays a considerable role in Hungary's security policy concepts. Given the fact that we cannot hope for NATO membership in the near future, what kind of support can we count on?

[Granasztoi] There have been a lot of bad reflexes in Hungary in connection with NATO because, not so long ago, it was presented to us as an enemy military organization. After the changes, the same organization was presented as a defense alliance that we should urgently join for the benefit of our security—to have someone hold a shield over our head. However, we should not forget that, originally, NATO was set up to counter the Soviet threat and, given the fact that this threat no longer exists, NATO's role has become limited to preserving the security of the member states. However, NATO is not only a military organization but also an alliance that protects and promotes the common interests formulated in its charter. As such an alliance, NATO is facing a new challenge of guaranteeing stability to the countries that have just begun building democracy and market economy.

A lot of unknown security risks have also emerged lately. For example, the world's first large-scale ecological aggression was carried out by Slovakia against Hungary and the civil war in Yugoslavia turned into a war because the various world organizations failed to prevent this conflict. The world is not yet prepared for such cases. I have cited these two examples because we are directly involved in one of them, and we have borders with the other case, and this clearly shows our security policy demands. We are trying to make NATO aware of these demands, by primarily focusing attention on Hungary's geostrategic situation. In his highly successful speech at the NATO meeting in October 1991, Prime Minister Jozsef Antall gave a rather convincing example in connection with this, namely that a truck blockade would be enough to cut off NATO's southern wing from Europe. We could also bring up other arguments: One of the major air corridors leading to the war theater during the Gulf War passed through Hungarian airspace; control over Bosnian airspace is currently being carried out by AWACS aircraft flying above Hungary. Thus, it is becoming increasingly clear to NATO as well that Western European security integration has not yet been concluded at all, and the security zone, including Hungary, naturally extends from Turkey to the Baltic states. The two world wars are there as a warning: Both world wars were escalations of conflicts that emerged in our region.

It continues to be the case that NATO is a defense organization. This means that we can clearly exclude the possibility that this organization might use armed force to support us. However, NATO could have a considerable indirect effect, and we can, and must, have confidence in this today. [passage omitted]

[UJ MAGYARORSZAG] One could frequently hear in recent months that, if NATO hesitates to provide concrete guarantees, we should perhaps take care of some kind of alliance aimed at mutual security ourselves, possibly among the Visegrad Three. What is your opinion about this?

[Granasztoi] I have heard such ideas, and so has NATO but, as far as I know, NATO is not very enthusiastic about this. The main goal of the Visegrad cooperation is to facilitate these countries' European integration. Of course, the coordination of our security policies could be a goal, but I think we cannot talk at all about the creation of some kind of a "sister" military organization, or a second NATO in this part of the world. A separate organization would only hinder us on the road toward the European Community. As I already said, we can have confidence that NATO regards our region as part of Europe and is trying to create more flexible and efficient structures to deal with regional conflicts.

Security Aspects of EC Association Viewed

AU0112145892 Budapest MAGYAR HIRLAP in Hungarian 25 Nov 92 p 7

[Article by Zoltan Rockenbauer, member of the Parliamentary Foreign Affairs Committee and parliamentary deputy of the Federation of Young Democrats: "Association Agreement and Security Policy"]

[Text] Eleven months and one day after signing it, the Hungarian Parliament gave a vote of confidence to the association agreement between Hungary and the EC.

The association agreement is mainly an economic and trade agreement, just as the 1957 Rome Treaty that formed the basis of the EC was also an economic agreement. Nevertheless, everyone knows that fundamentally political, in fact, security policy goals motivated the establishment of the EC.

I will only deal here with the security policy aspect of the association agreement. In my view, it is worth paying attention to the political part of the agreeement—the preamble and the principles on political dialogue and

cooperation included in the First Title [I. Cim]—because this issue is often neglected as being against the economic and trade chapters, while at other times, to the contrary, illusions are attached to it for which there is little basis in the signed document.

When at the end of 1991, the EC agreed on the economic and financial union in Maastricht, they also agreed on the framework of the political union and common foreign and security policy. The Maastricht agreement assigns the West European Union [WEU] as the defense component of the European Union. The WEU, the members of which are nine out of the 10 NATO-member EC states, gives more solid security guarantees to its members than any other organization. According to the fifth paragraph of the amended Brussels agreement, the signatory states accepted the obligation to help each other by all available means if any of them should be affected by an armed aggression in Europe.

It is understandable that the Hungarian security policy experts attached great hopes to the association agreement. They started from the premise that, on the basis of the EC association agreement, we would be able to claim the establishment of the same relationship from the WEU, the defense dimension of the European Union. The security policy concept that has been drawn up by the Foreign Ministry but, unfortunately, has not been discussed by Parliament, appears to find the external security guarantees in this principle. In a book jointly written by Laszlo Tolnay and Istvan Gyarmathy, one of our excellent security policy experts, it is stated that "the points of the association agreement on political dialogue and cooperation obviously also apply to all aspects of political cooperation, including the security issues." "It seems logical," they continue, "that we should also extend the legal relationship created by the association agreement to the WEU, and the adequate form of this could be associate membership."

Although only the states that signed the amended agreement in Brussels, that is the full members of the WEU, can enjoy the solid security guarantees, gaining associate membership would in itself be an undoubted step forward in respect of Hungary's external security guarantees.

Unfortunately, if we examine the relevant chapters of the Maastricht treaty, the preamble to the association agreement and the First Title on political dialogue, we will have good reason be more cautious in our optimism.

The Maastricht treaty's section on the political union does not at all consider the fact that, parallel to the preparations to extend the EC, the negotiations on the association of the Visegrad Three countries were also completed. (To remind the readers, less than a week passed between the signing of the two agreements!)

The Maastricht document made the following decision on extending the WEU: "We call upon the states that are members of the European Union to join the WEU according to the conditions in the 11th paragraph of the amended Brussels agreement or, if they wish, they can have an observer's status. (In other words, the Maastricht treaty offers full membership to Denmark, Greece, and Ireland, author's note.) At the same time, we call upon the other members of NATO to become associate members of the WEU, which gives them the status to fully participate in the activities of the WEU."

This means that the Maastricht compromise reserves the status of associate member for Turkey, Norway, and Ireland, and not for the Visegrad Three countries that signed an association agreement with the EC.

Unfortunately, as a matter of fact, the text of the association agreement does not ensure a solid legal basis for institutionally joining the political union. Only such extremely weakened formulations were included in the document by the EC as: "Considering Hungary's specific wish to fully become part of the new Europe's political, economic, and security system; being aware that Hungary's final goal is to become a member of the Community, in the view of the partners, this association helps to achieve this goal." In another place, (the political dialogue and cooperation) "contribute to making the views of the partners closer on security issues, and strengthen security and stability in the whole of Europe."

This is a poor result for Hungary, especially if we compare it to the association agreement between Greece and the EC in 1961, where Paragraph 72 states that: "When the operation of the associate agreement facilitates that the complete acceptance by Greece of the obligations in the EEC's founding document can be faced, then the partners examine the possibility of Greece's entry to the community." As opposed to this document, the Hungarian association agreement only registers a one-sided relationship: It acknowledges the Hungarian intent to join without committing itself in the slightest to implement it. We have to face the facts: The Hungarian association agreement provides a rather small basis for Hungary to assert its requirement to be an associate member of the EC's institutions, including the WEU.

Do we have to abandon the idea of linking the external guarantees of our security to the political institutions of the European Union in the short term? Hopefully, not. Recommendation 516 accepted by the general meeting of the WEU in June 1992 can be seen as a promising start even though, according to my knowledge, no real progress has been made in the past six months in this. The aforementioned document offers an associate relationship (therefore, not associate membership) to the Visegrad Three countries by the end of the year, and this would include an agreement on the preservation of peace, and the establishment of a mechanism that would involve an immediate political and military consultation if a serious crises developed in the East-Central European region. In addition, it would ensure an opportunity for the defense and foreign affairs ministers of the Visegrad Three to participate in the session of the WEU's ministerial council twice a year.

Hungarian foreign policy should conduct these negotiations with great foresight and persistence—but at the same time, without illusions. However important and considerable a document the association agreement is, it certainly does not give ground for one thing, namely illusions.

Antall, Slovenia's Drnovsek Sign Basic Treaty

LD0112172692 Budapest MTI in English 1544 GMT 1 Dec 92

[Text] Budapest, December 1 (MTI)—A free-trade agreement between Hungary and Slovenia was envisaged after the signing of a basic treaty between the two countries by Prime Ministers Jozsef Antall and Janez Drnovsek on Tuesday in Budapest.

After the signing, Antall and Drnovsek summarised the results of the Hungarian-Slovenian talks in brief speeches, Antall saying the declaration of intent on free trade cooperation made it possible to "introduce a full free trade system between Hungary and Slovenia within the foreseeable future," and that the talks were successful both on international and regional issues. The Hungarian PM said ways would be looked at for Slovenia to work more closely with the Visegrad Group (Hungary, Poland, and Czechoslovakia).

Hungary also supports Slovenia's European integration efforts. The appearance of an independent Slovenia on the map enriches our common European culture, the Hungarian prime minister said.

Janez Drnovsek said the now signed agreements imply a new step in Hungarian-Slovenian relations, which are already good. The prime minister described contacts between Ljubljana and Budapest as exemplary both in political and minority rights terms.

After the signing, Janez Drnovsek met the press and confirmed that Ljubljana wishes to participate in the Visegrad cooperation.

As regards the now signed free trade declaration of intent, the prime minister said the document defines the end of 1993 as the probable deadline for concluding the agreement.

New Border Police Action Units Set Up

AU0112150092 Budapest MAGYAR HIRLAP in Hungarian 26 Nov 92 p 3

[Correspondent's report: "Constant Combat Readiness and Special Training—New Border Police Action Units Set Up"]

[Text] The setting up of Border Police action units will make it possible to deal effectively with possible border area conflicts without mobilizing Hungarian Army units. It could also prevent any aggressive position on the part of our neighbors, a position that could emerge as a result of a misinterpretation of military steps as provocation—Major General Kalman Kiss, general director of the Administrative Department of the Border Police, said at a news conference held at the Border Police Directorate in Kiskunhalas on 25 November.

Kiss pointed out that since the change of regime in Hungary the members of the Hungarian Armed Forces had no political enemy image, but one had to be ready for attacks on Hungary's borders. After the deployment of the first border police action unit in December 1991, there are now 19 such combat-ready units. In addition to small arms, all these units have heavy arms as well (armor-piercing shells), several armored vehicles, transport vehicles and ambulances.

Most of the members of these action units are selected recruits. After joining the army, they participate in special three-month theoretical and physical training. These units are in constant combat readiness, and they have to leave base within 30 minutes of the alarm being sounded. These recruits receive special treatment and can spend a whole week at home. Answering a question, Kiss firmly declared that, according to the Constitution, these units, which are subordinate to the interior minister, cannot participate in police activity within Hungary's borders.

Suspension of Matyas Szuros Immunity Sought

LD2611212492 Budapest MTI in English 1825 GMT 26 Nov 92

[Excerpt] Budapest, November 26 (MTI)—The chief public prosecutor has proposed to the speaker of parliament to suspend the parliamentary immunity of the deputy speaker of the house, Matyas Szuros.

According to MTI's information, Speaker of parliament Gyorgy Szabad on Thursday [26 November] received Chief Public Prosecutor, Dr. Kalman Gyorgyi, who presumably submitted his motion aimed at suspending the parliamentary immunity of Deputy Speaker Matyas Szurus, in connection with the so-called "rolling dollars" affair. In answer to a question by MTI, all Szabad confirmed was that he had actually received the chief public prosecutor.

Gyorgyi again confirmed that until investigation of the matter is completed, he does not consider it justified to make public the names of persons who have already been drawn into, or may possibly become involved in, criminal proceedings.

The chief public prosecutor's office ordered an investigation into the matter that became known as the "rolling dollars" affair on March 9, against unknown culprits suspected of violating foreign currency laws on a large scale.

According to the chief public prosecutor's statement made in October, investigations ascertained that the former Hungarian Socialist Workers' Party [HSWP] transferred some USD 14 million to Moscow from 1960

up to 1987, to uphold the "International Solidarity Fund" handled by the Communist Party of the Soviet Union.

The foreign currency is the equivalent of more than HUF [Hungarian forint] 400 million, which officials of the former HSWP bought from the National Bank of Hungary, and handed over to the prevailing Soviet ambassadors in Budapest.

The annual USD 350,000-650,000 sent was always taken out of Hungary without a permit, and by side-stepping the customs authorities.

The limitations for punishment of foreign exchange law violations is eight years, in view of which only those persons can be called to criminal account who participated in "rolling" the dollars between 1984 and 1987.

According to reports published by the press to date, the investigating authorities have so far questioned, as suspects, the former vice-president of the National Bank of Hungary, Janos Fekete, the former deputy general secretary of the Hungarian Socialist Workers' Party, Karoly Nemeth, and the former president of the National Bank of Hungary, Matyas Timar.

In view of the findings of the investigation known so far, and the state and party functions fulfilled in the 1980's, the questioning of Matyas Szuros as a suspect in the matter was a logical conclusion. Szuros, who is currently a representative of the Hungarian Socialist Party in parliament and the deputy speaker of the house, was ambassador extraordinary and plenipotentiary to the Soviet Union from 1978 to 1982, then headed the HSWP's Central Committee in 1982-83, and was the Central Committee secretary in charge of foreign affairs between 1983 and 1989.

The deputy speaker of parliament learned that the chief public prosecutor had called on Speaker Szabad in this matter from MTI's correspondent.

Szuros said he had, from the very beginning, been against an indebted country transferring hard currency to a great power. In 1983, the then first secretary of the HSWP, Janos Kadar told Szuros, that when he became the Central Committee's foreign affairs secretary, Szuros had no decision in the matter. His only task was to ensure the appropriate level for the transfer, that is to receive the Soviet ambassador.

This was an unwritten law of earlier origin as it has been disclosed by today that this so-called Solidarity Fund had been in existence since 1960, Szuros said.

Szuros said he had, at the time, told Janos Kadar that he opposed the matter, but as foreign affairs secretary, he was present when the fund was transferred on three occasions, in 1984, 1985 and 1987. As foreign affairs secretary, he himself did not deal with foreign currency matters, and in 1986, he successfully saw to it that no money be transferred to the Soviet ambassador. [passage omitted]

Democratic Forum Resolution Endorses Antall

AU0112132492 Budapest MTI in English 1145 GMT 30 Nov 92

[Text] Budapest, 30 November (MTI)—The session of local organization chairmen of the largest Hungarian governing party, the Hungarian Democratic Forum (MDF), took a stand for the party's unity.

The one-day conference, which ended Sunday [29 November] night in Budapest, approved a resolution which states that the government, led by Jozsef Antall, is the key to the stability of Hungary. The current multitude of economic difficulties, unemployment, the decline in national economic output, is the consequence of the dead-end economic policy of the past decades, the fundamental changes that have taken place in the neighbouring world, and of global recession.

The document stresses that the MDF does not give in to any sort of pressure that would divert it from intensifying the social market economy based on basic rights of freedom, a democratic parliamentary system, and the dominance of private property. A law-governed state, and parliamentary democracy is the sole path leading to a future European Hungary.

The session of chairmen emphatically stressed the need for the party's unity, and professed its faith for the political guideline of the government led by Jozsef Antall.

The current Hungarian government faces grave political challenges. The tension spots of the region can considerably endanger the country's stability. Political extremes that are gaining ground in many places have not been able to acquire a major influence in Hungary, as they have no mass supports, states the document.

At a press conference following the session, MDF Deputy Chairman Lajos Fur, minister of defence, said the MDF remains a stable and well-organized party in spite of the problems that have surfaced over the last two years, and can prepare itself for the 1994 elections in a calm manner. The MDF membership has declined by 9,000 over the iast two years, although, it still has 27,000 members.

Participants of the session asked the prime minister to make a monthly public report, if possible through the medium of television, on the prevailing situation of the country.

Ethnic Serbian Leader Views Situation of Minority

AU0112085792 Budapest NEPSZABADSAG in Hungarian 27 Nov 92 p 16

[Interview with Peter Laszity, deputy chairman of the Serbian Democratic Alliance, by Janos Pelle; place and date not given: "The Serbian Minority in a Delicate Situation"]

[Excerpts] In the past decades in Hungary, the bridging role of the national minorities has often been mentioned, but this remained an empty propaganda slogan because politicians were only interested in developing interstate relations, and dealing with the national minorities was the least of their concerns. Now, after the change of regime, this issue is being seen in a completely different light, and the civil war in Yugoslavia has put the Serbs living in Hungary in a delicate position and increased the importance of their role.

[Pelle] Is there any friction created by the fact that while, after the notorious Kalashnykov affair, the government is being very careful not to commit itself to either side in the South Slav civil war, the Hungarian press and international public opinion stands rather against the Serbs?

[Laszity] It certainly happens that Serbs in Hungary are reproached for what is happening, for example, in Bosnia at the moment, but these comments stem from lack of information about the events. Fortunately, these kinds of political disagreements do not lead to serious conflicts among people who get along very well. However, at the same time, it is very important for the approximately 5,000 Serbs who live along the Danube and at the southern border that the mother country is beginning to recognize that the Serbian minority in Hungary has a considerable culture and many intellectuals.

[Pelle] During his visit to Hungary, the heir to the [Serbian] throne, Aleksandar Karadjordjevic, paid special attention to the Serbian minority.

[Laszity] [passage omitted] I must say that the Hungarian Foreign Ministry rendered the greatest possible help in organizing the visit. Hungarian foreign policy tries to play an active role in settling the South Slav crisis. The opportunity for this is also helped by the fact that, owing to the UN embargo—whose goal is unclear to us and which we consider unjust—Serbian and federal politicians often travel through Hungary. [passage omitted]

[Pelle] Here, in Budapest, you have also had difficulties. I am thinking mainly of the complications surrounding the division of the former Serbo-Croatian school and high school.

[Laszity] In addition to the schools, we have to divide the whole institutional system of the national minorities. This was urged by the Croatians here, at the suggestion of Zagreb, it seems. It was relatively easy to separate the newspapers and the radio and television programs, and we have a higher quality now with no cause for complaint. The schools are a more difficult problem. [passage omitted] In connection with the schools, the conflict between the Croatian and Serbian community may increase if the Budapest local authorities, with the help of the government, do not manage to provide another building with the necessary facilities in the right location. We were promised that the material conditions for the operation of the two schools and the high school would be established by September 1993. [passage omitted]

We do not approve of the Ministry for Religion, Culture, and Education support for the publication of Hungarian language books abroad from the so-called fund for national and ethnic minorities. The funds should be separated, also considering the fact that the members of the domestic national minorities pay their taxes to the Hungarian state. Typically, the 4 million forints needed for the domestic book publications of national minorities was miraculously produced from the ministry's reserves. [passage omitted]

Independent Smallholders Join U.S.-Based Party

AU0112132792 Budapest MTI in English 2042 GMT 28 Nov 92

[Text] Budapest, 28 November (MTI)—The Independent Smallholders Party (FKgP) seeks to pursue a centrist policy, dissociates itself from all extremist forces and all forms of discrimination, and takes a stand for enforcing minority rights, FKgP Chairman Jozsef Torgyan told the national party assembly in Budapest on Saturday [28 November].

The assembly was attended by 1,106 delegates, members of the diplomatic corps, and representatives of Hungarian organizations abroad. The delegates said they regarded anti-semitism and racism as particularly dangerous phenomena.

The FKgP signed an agreement with the US-based Freedom Party, which seceded from it in 1946. Under the agreement, the Freedom Party organizations operating abroad will join the FKgP. Freedom Party Chairman Erno Hoka will become deputy chairman of the FKgP.

Contributing to the assembly, Lajos Endredi Szabo from Austria demanded that the Hungarians living in the West should be enfranchised in Hungary.

Coming out of the 1990 elections as the third biggest parliamentary party, the FKgP became a member of the three-party governing coalition. Later on, parliamentary leader Torgyan turned against the prime minister and, together with some smallholder deputies, quit the coalition. However, 36 of the 45 deputies remained loyal to the government. The number of Torgyan's supporters is now insufficient for forming a parliamentary group (the limit for this is 10). The FKgP assembly has now authorized the national board to recruit new members for the parliamentary team to be transformed into a stable group.

Democratic World Federation of Hungarians Set Up

AU0212110792 Budapest NEPSZABADSAG in Hungarian 26 Nov 92 p 4

[Correspondent's report: "New World Federation of Hungarians"]

[Text] The Democratic World Federation of Hungarians was set up by 50 people on 25 November. The new

organization elected a 15-member presidium, including music director Imre Csenki as its chairman, and writer Antal Vegh as the general secretary.

Antal Vegh told us that they would like a world federation free of exclusions and chauvinism or rational discrimination. Their main task is to promote friendship with neighboring nations. They envisage an attractive federation rather than a provocative one, a modest federation rather than an arrogant one. According to Antal Vegh, they want to work alongside the existing World Federation of Hungarians, and not against them.

Parliament Passes Resolutions on 1993 Budget

LD0112181892 Budapest MTI in English 1450 GMT 1 Dec 92

[Text] Budapest, December 1 (MTI)—At its session on Tuesday, Hungarian parliament decided, with a vote by call-over, that local governments are to receive 30 per cent of revenues originating from personal income tax in 1993. The vote meant that the opposition's proposal of a 40-60 per cent division of revenues was rejected.

MPs almost unanimously supported the motions which followed from the agreement signed in the Interest Coordination Council on November 22 (the council comprises representatives of the employers, employees and the government). Accordingly, the contribution to be paid by employers from wages to support the unemployed will be 7 per cent, employees will have to contribute 2 per cent, as compared to the previous 5 per cent paid by employers and 1 per cent by employees.

Parliament also approved expenditure reductions for many central offices, including the Prime Minister's Office, the National Office for Compensation and Restitution, the State Property Agency, the Office for Hungarians Living Beyond the Borders, the Information and National Security Office, and the apparatuses of ministers without portfolio.

Several resolutions were also passed which increased expenditures: The World Federation of Hungarians now stands to receive HUF [Hungarian forint] 200 million, and the support to Hungarian newspapers published abroad will be valued at HUF 120 million.

The Hungarian Olympic Committee's budget assistance, and assistance to the parties have also both been raised.

Approves 1993 Central Budget

LD0212093492 Budapest MTI in English 0903 GMT 2 Dec 92

[All figures as received]

[Text] Budapest, December 2 (MTI)—After a ten-hour voting procedure, at 0045 am [2145 GMT] on Wednesday, parliament approved the main figures of the 1993 central budget with 168 votes for, 107 against, and two abstentions.

Accordingly, the state expenditure will reach 1,275,802.9 million forints, and the revenue 1,090,462.2 million forints next year. The projected deficit will be 185,340.7 million forints.

As compared to the original bill, expenditure was reduced by 9,092.9 million forints. Due to the tax laws approved, the revenue from the general value added tax will decrease by 26 billion forints, from the consumer tax by 500 million, and from the personal income tax by 3 billion as against the original bill. This will in part be counterbalanced by a 20.15-billion forint increase in revenue from privatization. As a consequence, the deficit of the central budget is to surpass the sum proposed by the government by 407.1 million forints.

Unemployment Doubled Since Last Year

AU2511141892 Budapest MAGYAR HIRLAP in Hungarian 24 Nov 92 p 10

[Correspondent's report: "Latest Central Statistical Office Report: One Quarter of the Unemployed Are Young People"]

[Text] The number of registered unemployed in Hungary stood at 616,800 at the end of September 1992, 2.1 times more than one year ago. This is 11.4 percent of the active population in Hungary, rather a high rate for Europe.

Some 41.1 percent of the unemployed have only a general school education, and one fifth are high school graduates, and, according to the recent Central Statistical Office report, 7.4 percent of the unemployed are university graduates. Among the people seeking jobs, 54,000 are young people at the beginning of their career, and 26.6 percent of these people are under 25 years old.

The three counties hardest hit by unemployment continue to be Borsod County (17.6 percent), Nograd County (18.3 percent), and Szabolcs-Szatmar-Bereg County (20.5 percent). The unemployment rate in Budapest, Pest County, Somogy County, and Gyor-Sopron-Moson County is below average. The number of unemployed in Budapest has doubled since the beginning of this year, reaching 60,000.

The largest numbers of lay-offs have been in the agricultural and construction sectors. Regarding industry as a whole, 17.1 percent of jobs have been lost in the past year. There has been practically no change in the number of people employed in the postal and telecommunication services.

Walesa Comments on EC Membership, European Unity

LD0112213292 Warsaw PAP in English 2028 GMT 1 Dec 92

[Text] Rome, Dec 1—Poland wants to join the European Communities so as to make as few mistakes as possible while carrying out reforms, Poland's President Lech Walesa said in an interview for the Italian daily IL SOLE 24 ORE that was published on Sunday under the headline "Walesa: Poland Needs United Europe."

Asked for his opinion on what was more difficult: to defeat communism or to build a new system, Walesa said that "earlier it was clear who was winning and who was losing," while "our victory, both in economic and political terms, needs time, it is an evolution and we will have to wait for the results."

Walesa said also "What worries me most is that we are not fully capitalizing on our victory over communism. We could unite the whole Europe all the way to the Pacific Ocean without one gunshot but we do not know how to do it."

Asked whether he was not afraid of two giants, Germany in the West and Russia in the East, the president noted that it is not armies and borders that count in the nuclear era. "It is the economy and not politics that solves problems today. We are doomed to cooperation, especially regional one." Walesa emphasized that Europe should be united on the basis of other values than ethnic ones.

EC Economic Harmonization Draft Program Approved

LD0112230092 Warsaw PAP in English 2128 GMT 1 Dec 92

[Text] Warsaw, Dec 1—The Polish cabinet approved at its session on Tuesday [1 December] a government draft outlining a programme to harmonise the countrys economy to the requirements of Polands association agreement with the European Communities. The programme is now to be submitted to the Sejm (lower house) Extraordinary Committee for the European Treaty, before being returned to a plenary session of parliament.

The 120-page document, produced in response to a Sejm resolution in July requiring the government to produce an EC harmonisation programme, was described by Jacek Saryusz-Wolski, government plenipotentiary for European integration, as "a response to the argument frequently put forward by the Community, that Poland is not ready for integration with the EC."

The programme envisages a gradual expansion of a free-trade zone involving all associated states, and a harmonisation of Polish laws in relevant areas with the legal structures operative in the Community. Turnover tariffs between Poland and the EC are to be gradually reduced, in an asymmetric manner, which is designed to favour Poland.

Saryusz-Wolski noted that the document recognises as the criterion for Polish EC entry "a healthy, and not a wealthy economy." He noted that Polands per capita gross national product (GNP) is half the size of that in the communitys weakest economies (Portugal and Greece), and only a quarter that of the Community's richest members.

He added that the gap between Poland and the EC was most marked in economic potential, health care and environmental protection. For instance, the government report notes that energy consumption by Polish industry is 3-4 times higher than in the Community's most developed economies.

Skubiszewski Warns of 'New Insecurities' in Europe

AU3011103492 Frankfurt/Main FRANKFURTER ALLGEMEINE in German 28 Nov 92 p 6

[Report by "pes.": "Warning of New Insecurities"]

[Text] Frankfurt, 27 November—Polish Foreign Minister Skubiszewski has warned against new insecurities that result from developments in East Europe and the former Soviet Union. At a symposium on "Poland and Its Neighbors," held at the University of Mainz, the minister said that the CIS continues to be "an entity of undefined legal status and undefined political tasks." The CIS certainly does not guarantee the dissolution of the Soviet Union in an orderly way. Any realistic appreciation of the current situation in the Russian Federation must consider the possibility of the outbreak of uncontrollable national conflicts in connection with political struggle, which might lead to the deterioration of armed conflicts. "That is one of the reasons that the issue of nonproliferation of nuclear arms is of such outstanding importance," Skubiszewski stated.

Against this background, Polish foreign policy is intended to lead to the gradual integration of Poland into West European and North Atlantic structures of integration. Just like the United States, the EC is also "a bulwark of democracy in the world." Poland is interested in EC membership particularly to ban "the specter of totalitarianism" forever. The EC is a guarantee for the protection of Poland's national existence, which was repeatedly threatened in the past few centuries. Contrary to Poland, countries like France, Britain, or Spain do not need such a guarantee. "What attracts us particularly to the EC is the fact that it is based on voluntary decisions. There is not a single dominating country." Skubiszewski then said that relations to Germany are stable and good. Now is the time to create the basis for good relations with our neighboring states.

Since East Europe is an area of great insecurity, Poland wants to discuss the situation in regular consultations

with NATO. The North Atlantic Alliance is a pillar of security in Europe. The military presences of the United States in Europe is exerting a stabilizing influence and is of advantage to mutual security.

Warsaw is building a state that is economically and culturally strong and has solid democratic institutions, Skubiszewski said. These are the essential values for diplomatic activities and for Poland's desire to achieve an adequate position in Europe, the Polish foreign minister concluded.

Mazowiecki Views Antiabortion Bill, Yugoslavia

AU0212111492 Warsaw PAP in English 1842 GMT 29 Nov 92

[Text] Warsaw, Nov 29—Leader of the Democratic Union (UD) Tadeusz Mazowiecki said during Sunday's meeting of the party's council that he would not like to be put in a dilemma of choosing between the church and democracy.

Referring to the dispute over the antiabortion bill and a referendum on the issue, Mazowiecki noted that "the Democratic Union's identity is defined by the fact that it is a pluralist party respecting different views of its members who can take stands on such questions as abortion in accordance with their beliefs.

"That is why the UD, as a party, did not adopt a stance on the antiabortion bill and other issues that refer to differences in personal opinions of its members," Mazowiecki said.

Speaking about his Yugoslav mission, Mazowiecki remarked that the situation in Poland can be seen clearly in the light of developments in central and eastern Europe. "This government and the situation in Poland are highly assessed by the world as a return to a certain stabilization" he said.

Sunday's meeting of the UD council was devoted to preparations for the party's congress to be held on April 24 and 25, 1993, nearly two years after the previous congress, at which the Democratic Right Forum, Citizens Movement-Democratic Action (ROAD) and UD united to form one party.

Democratic Right Forum Leader Interviewed

PM0112091492 Krakow GAZETA KRAKOWSKA in Polish 17 Nov 92 p 3

[Interview with Aleksander Hall, Democratic Right Forum leader and member of the Polish Convention Club parliamentary caucus, by correspondent Katarzyna Kolenda; place, date not given]

[Text] [Kolenda] The Liberals propose that you and the Polish Convention Club join them in setting up a combined center-right parliamentary floor group. You are against their proposal. Why is that?

[Hall] I make it my principal political goal to set up a center-right configuration which would consistently aim to modernize Poland, but which would at the same time respect all principles and elements of our Polish national identity. I believe that a joint parliamentary floor group in which we would figure side by side with the Liberals would result in causing more confusion on Poland's political scene rather than contributing to its clarification. Nevertheless, I do not exclude the possibility of future cooperation, nor the chance that such cooperation could eventually be given a formal institutional framework. However, today such a step would be premature and could easily result in negative consequences.

[Kolenda] How do you envisage the task of setting up a center-right configuration without the Liberals?

[Hall] I do not know, but there is a whole section within the Liberal Democratic Congress [KLD] whose members propose and promote a blueprint of Poland's future political scene which is identical to our own plans. For example, I myself can easily identify with Lech Mazewski's views and opinions.

However, if the KLD believes that today's most important challenge is to concentrate our strength on defending Poland against a wave of clericalism or against a situation where the state could be threatened by the church's domination, then my answer to them is that I disagree with their diagnosis. Consequently, I am also bound to ask myself about the advisability and feasibility of a rapprochement between our groups. I believe that it would be a mistake to try to build a center-right camp based on such premises.

[Kolenda] I rather think that it is an exaggeration to claim, as you do, that the Liberals have made opposition to clericalism the principal point of their program. Moreover, I believe that your own political camp places far too much importance on ideological issues, interpreted in the broadest sense of the term.

[Hall] No, it is definitely the KLD who have concentrated all their strength on them.

[Kolenda] In that case, let us approach this question from a different angle. To tell the truth, there are very few economic issues over which your Democratic Right Forum [FPD] would clash with the KLD, whereas there are fundamental differences between your camps in the ideological sphere—such as the attitude to the church, or to the question of abortion. And it is my impression that it is your party rather than the KLD which places an exaggerated emphasis on these questions.

[Hall] We did not leave the Democratic Union—within which, after all, our more or less similar views on economic matters coexisted peacefully, whereas our respective positions on such problems as church-state relations, Poland's place in Europe, or Poland's identity were fundamentally different—in order to enter again

into a similarly or at least comparably unbalanced configuration with another political group. During the parliamentary election campaign many of our potential supporters asked us the following question: "If I cast my vote for the Democratic Union, will I be lending support to the views of Deputy Barbara Labuda or those of Deputy Aleksander Hall?" What we need today is a position which excludes all ambiguity.

Nonetheless, I would like to stress that there will certainly be room for a range of opinions in a new-style center-right coalition. We do not need to voice identical answers to all questions or speak in total unison. However, our answers must not diametrically and radically different.

[Kolenda] Your views on the economy bring you close to the Liberals, whereas your ideological positions approximate those of the Center Alliance group. Does this mean that Jaroslaw Kaczynski's party could become your potential ally? How do you assess the feasibility of such an alliance?

[Hall] I would like to see the Center Alliance join the government coalition, because such a move would certainly stabilize the government for a considerable period. It would also create a chance for the emergence of clearly defined political camps. Unfortunately, I am rather pessimistic about the real chances of such development taking place. I believe that at present none of the sides involved shows sufficient interest in the possibility of such cooperation.

In my opinion, the present task facing the FPD, or, more broadly, the Polish Convention Club, is to work out a clear picture of its political identity, which would comprise the following elements: modernization of Poland and its accession to European structures; democratic capitalism; preservation of Polish identity within Europe; defense of Polish national interests; and finally, the ability to safeguard both right-wing and conservative values in public life. I believe that there definitely is a demand for such an ideological package, regardless of how many deputies are currently members of the Polish Convention Club. Consequently, it is our duty to insist on the formulation and implementation of such a program. It could well turn out that a significant proportion of society is ready to identify with such a position.

[Kolenda] Which parties are you hoping to attract to your camp?

[Hall] Certainly all those which are gathered in the Polish Convention group today (FPD, the Peasant-Christian Party, and the Christian Democratic Party). In addition, many people who share our views belong to the Center Alliance group, the KLD, and also in the Democratic Union. I remain hopeful that the efforts of all these individuals will one day combine into joint action.

[Kolenda] Can the government coalition still count on attracting the Convention's support?

[Hall] Of course. Even though we still intend to firmly defend the right-wing camp's stipulations a propos the budget and their disapproval of the syndicate- or corporation-oriented solutions entailed in the "Enterprises Pact." We will certainly oppose all calls to increase tax liabilities on personal incomes because they can all too easily damage the aspirations of Poland's emerging business community.

[Kolenda] How should we interpret the fact that you abstained from voting during the election of the chairman of the Constitutional Commission? Your abstention vote tipped the scale and caused Tadeusz Mazowiecki to lose the nomination.

[Hall] I am glad that you asked me this question, because there have been so many misunderstandings around this affair. My vote should be regarded as a goodwill gesture toward Tadeusz Mazowiecki.

[Kolenda] I must point out to you that a diametrically different version has been circulated in the Sejm's corridors of power.

[Hall] That is because the public is unaware of the background to the vote itself. The Convention put up my name as candidate for the post, within the government coalition. This proposal attracted support from the Peasant Alliance and the Christian National Association, but was opposed by the Democratic Union. I also knew that my candidacy was likely to attract the support of deputies grouped in the Movement for the Republic and the Center Alliance parties, so all in all I stood a strong chance of winning.

When I subsequently heard that Tadeusz Mazowiecki would be putting up his candidacy for the same post, I withdrew my name from the list, because I decided that there were more important considerations than political club policies. I came to the conclusion that even if I were to win against Mazowiecki, I would still in effect be the loser.

Therefore, I decided to abstain altogether from voting. I know that my abstention was interpreted in terms of a political game. My mistake was that I did not issue a press statement and did not decide to withdraw my candidacy during the commission's plenary session.

[Kolenda] Thank you for talking to us.

Vacaroiu Discusses Government Team, Goals

AU0112130492 Bucharest ROMANIA LIBERA in Romanian 25 Nov 92 p 2

[Interview with Prime Minister Nicolae Vacaroiu by Gilda Lazar and Dan Vardie; place and date not given: "The State Has To Establish Performance Criteria"]

[Text] [ROMANIA LIBERA] During your news conference [23 November] you discussed the concept of social market economy. Let us stay a little longer in the sphere of concepts, and please tell us: What do you mean by democracy?

[Vacaroiu] The term "democracy" is very broad, starting from economic issues and ending with the freedom of speech. In the field of economy it means the freedom to make decisions. However, the goal is that the economy should develop and not go bankrupt. I, the state, have given the economic company the right to decide; however, it should not start destroying but rather become profitable. To achieve this, the state should establish certain performance criteria.

[ROMANIA LIBERA] You have mentioned 12 models of market economy and opted for the social market economy. Since Mr. Ilie Verdet [leader of the Socialist Party of Labor] is currently in China, could you tell us what the similarities are between the guided Chinese model and the Vacaroiu-type of economy and in what way can the social market economy—which is a compulsory component of democracy—function in a multiparty system? Will we be again original?

[Vacaroiu] The Swedish-type of socialist market economy is the most representative because it has in no way offended democratic principles. The most important is the way in which a part of the profit is redistributed, and usually this is done through taxes. Therefore, the state promotes a policy of taxes that is much stronger than in other countries, and the redistribution is done in such a way as to ensure social protection.

[ROMANIA LIBERA] What about China, whose successes are also coincidentally presented on Romanian Television in its "Current Events" news program?

[Vacaroiu] I have not mentioned China; as a matter of fact, I have never been there, although I have read about it. It is obvious that they have achieved certain progress but in a different kind of system based on politics that have been promoted for 10-12 years. They started from the principle of common property and adopted a mechanism, a kind of monetary administration, that led to development. We started our reform process, with its own successes and limitations. The new government team did not intend to stop it, but to help it reach coherence, the correlation of laws, and acquire a certain dynamics of the economic progress.

Ministers Can Be Replaced

[ROMANIA LIBERA] Toward the end of his mandate, Prime Minister Stolojan asked his ministers to turn in certain reports based on questions published in the press. Your cabinet has started with problems from the very beginning: the Mincu and Danescu cases and others. Will you ask the ministers to present some preliminary reports in which they answer questions that have already been published?

[Vacaroiu] Currently, I am most interested in establishing the government team. In 10 days from taking the office, each minister will examine his sector and will come up with concrete proposals. After that, I am going to judge in each case separately and decide to what extent the respective proposals are viable. If they are not viable, we are going to make the necessary corrections. General Danescu is a professional policeman; nobody is perfect, but he has a lot of experience. As far I have understood, he is rather tough. If the toughness is in a positive sense and if through the measures he takes we can stop the increase of crime and abuses, than this is good.

[ROMANIA LIBERA] What about Professor Mincu?

[Vacaroiu] I talked to him, too. He has a number of ideas that, if implemented, could be a success in the field of health care. It is unthinkable to be granted over $160 million credit and that the Ministry of Finance has to pay the penalty because the money has not been used while there is no medicine in the country.

[ROMANIA LIBERA] General Danescu, in his capacity as minister of the interior, is in a delicate position. What will you do if it is proved that he is connected with corruption and the Ploiesti firms?

[Vacaroiu] I talked to him, too, and for the time being nothing has been confirmed. However, there is a matter of principle here. After all, we have the provisions of our constitution, and ministers can be replaced on the prime minister's recommendation.

With Certain Corrections, We Are Promoting an FDSN Program

[ROMANIA LIBERA] You have been talking about a team, but how big is the power of the four ministers of state who play the role of coordinators, compared to the others, in the second line, and how will you succeed in healing the breach between the reformist wing of the government and the partisan wing?

[Vacaroiu] We do not appoint any minister whom we believe are against the reform. There is no way that we should act in this way. Apart from the four ministers of state, there are a number of ministers whom I selected. If you want to know, it was accidental that they were the ones the FDSN [Democratic National Salvation Front] proposed, too (such as the minister of industry, transportation, and telecommunications.)

[ROMANIA LIBERA] Nevertheless, you continue to be an independent at the head of a government that is said to be an FDSN government, which is a paradoxical situation in a normal democratic regime. There was a mutual setting of conditions when the team was established. Did you impose a number of strategic principles in the program on the four ministers of state? What did the FDSN ask in return?

[Vacaroiu] We have had some negotiations, and the FDSN has suggested a person for each of those offices. Our cabinet also includes technocrats, but it is supposed to implement—with certain corrections—the FDSN program, which, on the whole, complies with my principles.

[ROMANIA LIBERA] Are you referring to the first platform of the FDSN or the second one?

[Vacaroiu] I am talking about the platform that was finally endorsed, the one that stipulates the continuation of the reform, the strengthening of the democratization process, an enhanced social protection—especially for the underprivileged categories—, and halting the decline of production, that are issues whose importance we all have to admit, whether we like it or not.

If we continue to slide down and production decreases by another 20 percent, the state budget will be down to one-half, which means that we will not be able to finance our military forces, education, and social assistance.

[ROMANIA LIBERA] Do you think that the future government program will also have to be a leftist one because it has to match to the political color of the government party [FDSN]—we are referring to the increasing role played by the state in economy—or do you perhaps think that such measures are merely dictated by current circumstances and as such they would have been compulsory for any government?

[Vacaroiu] According to its platform-program, the FDSN is a center-left party. Secondly, regardless of which party seized power, there would have been no other alternative for it but to introduce certain levers designed to halt the decrease of material production. The goal formulated by us experts is to find solutions to that problem without interfering with the autonomy of the companies. We will examine that issue not just within our governmental team, but also with experts belonging to the opposition.

[ROMANIA LIBERA] In other words, do you intend to set up a kind of an enlarged National Council for Science and Technology, like the one we used to have during the Ceausescu regime?

[Vacaroiu] I am talking seriously. We will set up a commission for each important issue, and we will also invite economic experts of the opposition to participate, because we have to ensure the continuation of reform and the establishment of the appropriate legislative framework.

[ROMANIA LIBERA] Let us return to the subject of the government's investiture. That success was mainly due to the secret talks between FDSN and PUNR [National Unity Party of Romanians]. We have found out that PUNR has requested four offices of state secretaries in exchange for endorsing your cabinet. Which four offices?

[Vacaroiu] I was not involved in the negotiations between those two parties. I will check on that.

[ROMANIA LIBERA] You mean to say that FDSN made promises without asking for your consent?

[Vacaroiu] They probably discussed that issue, I imagine. Perhaps they wish to be given already existing state secretary positions. Anyway, we are not going to increase—under any circumstances—the existing number of state secretaries. Competence and working capacity is all that matters to me. I do not care if someone also happens to be a political person, but we want to create flexible and efficient teams in our ministries.

[ROMANIA LIBERA] Whom will you appoint to lead the Public Administration Department, which is the department that is supposed to change the prefects, who are mainly FSN [National Salvation Front] members? There must be a fierce struggle going on for that office, we suppose.

[Vacaroiu] I have only talked to two or three persons about that. I have not decided yet and neither have I established whom to appoint as government secretary general. Concerning the changing of the prefects, that decision is to be made by the prime minister.

The Nature of Property and the Famous "Managerial Contract"

[ROMANIA LIBERA] We would like you to detail issues related to the nature of property. What exactly did you mean when you said that there will be a more rigorous state control?

[Vacaroiu] The issue of property is quite a simple one: Property is property, and that is all there is to it. Its possessor owns that property, and he can do with it whatever he wishes. However, in the same way as shareholders have their means to check on the way the society executive board manages the property they own, if the owner is the state, the latter is also entitled to do so, without directly getting involved with the production process.

[ROMANIA LIBERA] Do you mean that it is an economic option, not an ideological one?

[Vacaroiu] Absolutely, it is a scientific option based on criteria that are valid in any market economy. Our problem is that we do not differentiate precisely enough when we talk about property. When I discuss the role of the state in economy, I consider it an owner, being in the same position as any other owner, and that presupposes the introduction of certain performance criteria.

[ROMANIA LIBERA] How will we manage to make the managerial boards observe those contracts?

[Vacaroiu] Precisely by means of such criteria. Boards will be held responsible for complying with them. I have put you in charge of the company, so you should administrate it. I am not going to impose upon you, but you have to demonstrate that you are not going to destroy it and that you are going to make it function even better. That is what I mean by managerial contract that should have been introduced much earlier.

A Dialogue Among...Three Partners

[ROMANIA LIBERA] What happens if a manager wants to do something but the trade union opposes him?

[Vacaroiu] They will have to start a dialogue; that is what happens. In my opinion, a government-union dialogue is totally mistaken. Talks should be conducted between employers and unions, while the government could participate as the third partner. Why? Employers have more bargaining means. They are able to offer bonuses and dividends. I have no idea why piecework and industrial norms were given up. Do you think others do not resort to norms? In Germany, work inspectors go up and down the factories, and they evaluate everyone's output. Then they say: Go pick up your bonus from the cashier. Let us also resort to such stimulation methods! Currently there is a dispute going on about the gap in earnings in various branches. There were attempts to force our hand that have led to...

[ROMANIA LIBERA] The consequences of the miners' incursions?

[Vacaroiu] They have led to a blockage of the key sectors. We were expected to raise salaries that were smaller than in other branches, but at the same time material production was also decreasing. Where should one take the money from? That would have meant prices exceeding the world level. World price level could also be introduced as a criterion in the managerial contract.

[ROMANIA LIBERA] What can a manager do when he faces populism, when an employee tells him: I have three children, you cannot possible fire me?

A Recurrent Idea: A Social-Type Market Economy

[Vacariou] You see, we are back where we started: a social-type market economy. What would happen if we were to utilize a liberal market economy in which the market regulates everything? Do we have a market? We have yet to establish one. Unfortunately, a number of actions have not been finished. We have to get rid of everything that is impeding that.

[ROMANIA LIBERA] How many times during a day or a week would the owner—that is, the state—go to the company director in charge and ask him: What did you do, and why?

[Vacaroiu] The owner will not go there at all. The state is solely interested in the results at the end of each year. That guy will not work if he is constantly nagged.

[ROMANIA LIBERA] Do you intend to make our economy recover?

[Vacaroiu] Of course I do.

[ROMANIA LIBERA] How do you plan to achieve that, considering that industrial production is down by 45 percent compared to 1989, agriculture is in a mess, our debts amount to $3.8 billion, the budget deficit totals 136 billion lei, and we need $5-$6 million to be able to make it through next winter?

[Vacaroiu] I will deal with the issue of fuel oil during the next days. I will then have each sector examined. There are solutions, that is all I can tell you. For instance, what is going on in our ball bearings factories? Bearings are in demand on international markets. Some of our partners even offered to deliver the raw materials so that we could manufacture the bearings. We have to calculate yet, to see whether it would pay off. There are branches that could easily recover: light industry, furniture industry, chemical fertilizers, and crude oil processing. Are black-and-white television sets in demand on the world market? If so, why should we not manufacture such sets? No one says we should go on producing them forever; just until we have surpassed this difficult period of time. After having examined each sector, the ministries will be able to establish what should be done, and they will flash appropriate signals for our economy.

[ROMANIA LIBERA] Do you plan to eliminate state subsidies in 1993?

[Vacaroiu] We will only eliminate subsidies as far as the population is concerned. To tell you frankly, we will have to go on subsidizing agriculture for about three more years. After everyone has received his land ownership certificate, what can people do with only two hectares? We will have to find the appropriate mechanism to make them associate, for instance, such methods as exemption from taxes. Nowhere in the world are plots smaller than 50-100 hectares used for agriculture, because otherwise agricultural machines cannot be used efficiently. We will also have to offer credits that are profitable for the farmers, including acceptance of repayments in crops.

[ROMANIA LIBERA] Where would you take the necessary money from?

[Vacaroiu] It is not that difficult to find money. One can resort to the National Bank, to our trading banks, to foreign sources....

[ROMANIA LIBERA] It seems that we will not receive the second installment of the SAL [Structural Adjustment Loan] loan, because not all stipulations of our contract with the World Bank have been observed. What are you going to do about that?

[Vacaroiu] That is a tough problem. Nevertheless, we are already negotiating with the World Bank, and I think that things will start moving again. They have probably waited for the IMF delegation to return home from its visit in Romania. Anyway, we will not sit here doing nothing; we will initiate a dialogue to find out the real causes behind that. You know, those causes can be very subjective sometimes....

Achievable, *provided that...*

[ROMANIA LIBERA] In your government program you assessed that inflation will merely grow by 40 percent during 1993. Do you really think you can achieve that?

[Vacaroiu] That was an assessment. If parliament passes the bill on VAT [value-added tax], prices will go up by 5 percent, no more. If we manage to master the evolution of the national currency exchange rate, we have real chances to hold inflation rate below that assessed value. Of course, we still have to surmount the situation after 1 May 1993 [as published]. However, I still think that it is achievable.

[ROMANIA LIBERA] What will happen to the economic department of the former Ministry for Economy and Finance? Do you intend to set up a ministry for economy?

[Vacaroiu] There are no such plans. The economic department of the former Ministry for Economy and Finance will probably call itself the Office for Prognosis [OP], and it will function within the Council for Strategy and Reform, together with ARD [Romanian Agency for Development], which we want to merge with ANP [National Agency for Privatization]. Cooperating with the National Statistics Commission, OP will elaborate different economic variants from which we will chose one and send it to the Finance Ministry so that it can work out the state budget.

[ROMANIA LIBERA] Do you think that you will manage to introduce the VAT as of 1 January 1993 and that of the cumulated earnings' taxation sometime in 1993?

[Vacaroiu] We have already made preparations for the introduction of VAT. We have elaborated written instructions and fliers, and we have organized preparatory lectures. However, if I see in December that not all necessary conditions are met, I will request the postponement of VAT. To tell you frankly, the introduction of VAT requires technical investments worth 200-300 million lei on behalf of the state and another 600 million lei on behalf of the companies. Where in the world could we find so much money? As to the cumulated earnings taxation, it will become effective as of 1 January 1994. That is even more difficult to achieve than the introduction of VAT.

[ROMANIA LIBERA] Do you intend to achieve the reduction of taxes imposed on certain goods?

[Vacaroiu] There are certain products on which taxes will increase, such as cigarettes, alcoholic beverages, and so on. I smoke Kent brand cigarettes. What can I do? I will smoke less. There are other products on which we would like to cut back on taxes, such as remote controlled television sets, cars, and so on. We will have to re-examine that aspect. Generally speaking, we wish we could hold taxes as low as possible. On the other hand, one simply cannot do that because of the state budget deficit.

Iliescu Addresses National Day Gathering

AU0112211492 Bucharest Radio Romania Network in Romanian 1612 GMT 1 Dec 92

[Speech by President Ion Iliescu at a National Day reception held at Cotroceni Palace in Bucharest—live]

[Text] Honored audience, on 1 December 1918 the Romanian people experienced the fulfillment of their long-standing goal. The country's boundaries took their natural and lawful shape. The Romanians established their national and united state on that day. The Great Unification was being accomplished, an act of supreme will, which crowned a century-long national effort and brought together—within the matrix of the same language, culture, intellectual values, and church—all the ancient Romanian provinces. On that date, the people were raising the country which had been briefly foreshadowed by Mihai Viteazul [Michael the Brave], the voivode of the first unification.

After more than two and a half centuries, through the actions of the 1848 generation, we achieved the unification of Moldavia with Wallachia under the scepter of Voivode Alexandru Ioan Cuza. Nevertheless, the Great Unification only took place in 1918, on that unforgettable and impressive 1 December, which we celebrate as the day of our heart and conscience, the National Day of Romania. A ceaseless and exemplary gallery of heroes and martyrs devoted their lives and all of their physical and intellectual energy to fulfilling this sacred ideal. They are enduring examples for today's and tomorrow's generations.

In the sequence of events and historical circumstances, which made up the background of the Great Unification, we can find similarities that make us think more carefully of contemporary history and also increase our perception of the world we are living in. Then, like now, the European area—particularly the region we are living in—experienced a realignment of the political, economic, and social interests of the states and nations. The December 1989 Romanian revolution took place against a European background, where the collapse of the totalitarian communist system has left its imprint on the evolution of the overall international situation.

The consequences of this process overlapped with other consequences, those of the course taken by the postwar world, both with its positive effects—particularly the development of a new framework for the assertion of the

freedom of creation and existence of nations—and with certain negative effects. What is certain is that, at least here, in this part of the world, we are witnessing, with concern, certain trends and phenomena which affect stability and the European balance of power in general. We are present at a historical crossroads, in a context, which unfortunately clouds the international climate.

Romania belongs to Europe by right and fact. Its message of the past three years is that of stability and balance, which we have managed to maintain against countless obstructions. This is not only to our benefit, also in the interest of Europe. We vitally need Europe, but Europe also needs us. It needs a balanced and stable Romania as well as peace and tranquility in Romania. The Romanian message of the past three years is that of advancing along the road of democracy and reform and of the construction and consolidation of the state of law and the market economy. It is the message of our participation and integration in the European and international realm of values.

From this perspective and in the light of such requirements, we prepared out the new Constitution, whose provisions match the highest international standards. Our Constitution guarantees the rights and freedoms of all citizens, irrespective of race, nationality, ethnic origin, religion, wealth, or political affiliation.

The direction and signs of Romania's change for the better are obvious and the course taken by the new developments in our society is irreversible, although the road is a long and difficult one. Local, parliamentary, and presidential elections were held this year. The results of these elections form the foundation of the configuration of the legislative and executive power in our country.

We have entered a new stage in which we are not spared shortages and difficulties, but from which we expect a great deal. I am convinced that the new government, through its short-term and long-term programs that will be formulated and whose contents have been presented, will meet these expectations properly.

One of the lessons of our great unification, which we are celebrating today, is the need for agreement among the political forces on the basic problems facing the country, on understanding the priority of national interests, and serving the national destiny. Under the current domestic and international conditions, this lesson of history should guide and inspire all of us.

This great unification forms the preconditions for and expresses the desires of today. We pay homage to our predecessors, we recall their deeds and we remember them in our thoughts and with the intense hope—more intense than ever before—that the millennium will bring Romania and its people more peace and tranquility, peace, prosperity, and the fulfillment of their aspirations for unity.

On our National Day, I wish our people many happy returns and great strength to achieve the victory in thought and action so as to restore their self-assurance and confidence in their destiny in order to be triumphant in making their hopes for a better life come true.

I want to ask the chiefs of the diplomatic missions who are accredited to Bucharest, to convey to the leaders of their states, to the governments and peoples they represent, our message of peace and prosperity and our desire for cooperation and understanding.

Many happy returns, and wishes for good health and accomplishments to all of you. [applause]

Ethnic Hungarian Leader Views New Government

AU0212101392 Bucharest ROMANIAI MAGYAR SZO in Hungarian 24 Nov 92 pp 1,3

[Interview with Geza Domokos, national chairman of the Democratic Union of Hungarians in Romania, by Zsuzsa Kiss; place and date not given: "Let Us See What Happens..."]

[Text] On 20 November 1992, the new Romanian Government led by Nicolae Vacaroiu was officially sworn in at Cotroceni palace. Prior to this, a full meeting of parliament had endorsed the cabinet and, as is known, a vote of confidence was passed by a margin of 260-203 on the team of the Democratic Front, which turned out to have the majority in the elections. We interviewed Geza Domokos on the quality and character of the new administration, the reservations of the Democratic Union of Hungarians in Romania [RMDSZ—UDMR in Romanian], and the methods the government is expected to use.

[Domokos] First of all, I would note that the RMDSZ votes are included in the 203 negative votes that expressed lack of confidence. In my view, the large number of negative votes—which the government will definitely have to think about—were cast because of the mediocrity. This clearly applies to the draft program and the members of the government. I believe that we all know the dangers of mediocrity. It means the lack of bold actions, original thinking, and of creativity because a mediocre person is aware of his limits. He is timid and has inhibitions. Therefore, it is easy to influence and direct him, and he welcomes implementing and serving roles. Even now, at the very beginning, it is possible to see the weakness of this hastily organized team and the lack of direction in the short-term draft program. Not to mention the fact that several members of the new government also worked in the past system in responsible positions in national institutions, ministries, top state organizations where, throughout the years, they acquired an etatist economic philosophy and management system. I do not believe that this conditioning would not continue to operate or would not leave at least some marks on their future activities. I find previous statement of the now Cultural Minister Golu astonishing and frightening. He said that he would be happy not to

be given a vote of confidence because he did not consider himself suitable for the post. This also shows how improvised the government is.

[Kiss] I understand the RMDSZ had serious reservations about certain people.

[Domokos] This is true. We told Vacaroiu before he set up the government list that he could not expect our support if he included among the designated ministers people belonging to extreme nationalist groups, parties, and newspapers. He assured us that this would not happen. Nevertheless, among the candidates was the name of Vasile Mois, who, of course, did not play a negligible role in the events in Szatmar [Satu Mare] on 15 March 1990. Not to mention his statements in the Council of Europe—where he was head of the Romanian delegation—which clearly showed that in the national minority issue he was biased. It is fortunate that in the end he was left out of the government, although I fear the government would have been given a vote of confidence even with him in it.

[Kiss] A number of RMDSZ leaders also objected to the nomination of Liviu Maior, the current education minister. Nevertheless, he had the maximum vote at the parliamentary committee's screening. How do you explain this?

[Domokos] According to information we received from Kolozsvar [Cluj] he is under nationalist influence and supports the ideology of the Vatra Romaneasca. However, he made a good impression on the RMDSZ's parliamentary members who participated in the committee and they felt he could be trusted. I would be happy if, through his work and attitude to the education of national minorities, he refuted the views I formed on the basis of information from Kolozsvar, and if he proved that the RMDSZ representatives were right in voting for him. I would indeed like it if he proved that, as he says, he is a democratically minded Transylvanian intellectual. However, we will see what happens.

[Kiss] Against whom else did you have reservations?

[Domokos] General Danescu had a very bad press. He and his past are surrounded by very many unclear affairs, and it is also very suggestive—at least for me—that the chairman of the Greater Romania Party vehemently defended him. My antagonistic feelings toward Health Minister Mincu do not stem from the fact that he treated the dictator. He was under the obligation of the Hippocratic oath. However, I am rather disturbed by his "study" on scientific nutrition, which can only be an outcome of totalitarianism, and I am afraid that the barrack spirit is not alien to him.

[Kiss] What is your view on the "accusation" that was also published in the press that some of the opposition representatives also voted for the Vacaroiu cabinet?

[Domokos] It is unlikely, especially since the government program nor the cabinet were as convincing or attractive as to justify an unexpected expression of sympathy by opposition representatives. However, this is what the figures suggest. Therefore, it may have happened. The government cannot really be called a Democratic National Salvation Front [FDSN] government. I would rather call it a coalition government because the Greater Romania Party, the Socialist Labor Party, the Agrarian Party, and the Romanian National Unity Party [PUNR] voted for it in unity. The reason for the PUNR's fairly sharp criticism of the program may have been the fact that they were aware of their important role as arbitrators. I believe that there were intensive talks between the PUNR and the FDSN behind the scenes. We might become wiser after the appointment of the state secretaries, ministerial directors, managing directors, and prefects, and we will find out what the price of the 44 votes was. There are rumors that the PUNR members are demanding the positions of Transylvanian prefects for themselves.

[Kiss] Teodor Melescanu is the new foreign minister. He is known to have had an important role in the negotiations on the Romanian-Hungarian basic agreement. Can his promotion mean some kind of a guarantee for a qualitative change in Romanian-Hungarian relations and Romanian foreign policy?

[Domokos] Teodor Melescanu is a real diplomat and the most experienced member of the current government. He will have a chance to make use of his many years of experience in foreign affairs and, in my view, it is encouraging that he was an active member in the debate on the Romanian-Hungarian basic agreement. After his latest visit to Budapest, his Hungarian colleagues also spoke about him with respect. I would like to believe it is indicative that his first act as a foreign minister was to participate in the meeting of the Central European Initiative in Graz [in southern Austria]—which was probably a coincidence. I am convinced that Melescanu is aware of Romania's current international image and its certain isolation, and ending this is in Romania's vital interest, just as it is in the case of the other Central-East European countries. Romania has to leave the constraints of Ceausescu's Romanian foreign policy behind and has to finally decide to where it belongs. Foreign policy has a mainstream and Romania has to adjust to this. Regional interests and special traditions do exist and they cannot be ignored but we have clearly to decide whether we are going with or against the current, whether we go in the middle of the stream or slowly, on the edge. I am also considering the Hungarian-Russian agreement on minorities, which may be a basic element of a new Central-East European strategy, and which cannot be alien to Romania, either. I find it strange that certain Romanian political forces appear to discover threat and danger in this while—I am thinking of the agreement on the protection of national minorities—it is claimed that 10 million Romanians are living outside our borders and Romania's Constitution actually prescribes their protection.

[Kiss] The Romanian opposition newspapers maliciously called the Vacaroiu cabinet a "presidential government." What is your view on this?

[Domokos] Undoubtedly, President Ion Iliescu had a considerable role in setting up the cabinet and I do not think that his influence is going to decrease in the future. He ended up holding all the strings: The chairmen of both houses of parliament are from the government party and it was precisely the vote of confidence that showed that we have a left-wing parliamentary majority. In addition to the government that swore to the FDSN program, they control the High Court, the Constitutional Court, the audio-visual committee, the Romanian news service, and every other top organization. Rather than separating the legislative and executive functions, a central power and government appears to be outlined, in fact, strengthened. Unfortunately, this is the current reality in Romania.

PUNR Warned To Take Role More Seriously

AU0112133592 Bucharest ROMANIA LIBERA in Romanian 23 Nov 92 pp 1

[Article by Raluca Stroe Brumariu: "What Is the Role Played by the PUNR?"]

[Text] On the evening of 18 November, after the plenary session of the parliament and before the day when the validation of the new government was scheduled, a meeting was held at the Dealul Mitropoliei between the leadership of the FDSN [Democratic National Salvation Front] and the representatives of the National Unity Party of Romania [PUNR]. The goal of that meeting was not difficult to guess, but the result of the vote of confidence granted on Thursday to the Vacaroiu government clarified all suspicions that anybody might have in this respect. On Wednesday evening the FDSN and the PUNR had an agreement: Mr. Funar's party, through its vote, would support the government proposed by the FDSN, asking in return to receive the offices in Transylvania. This arrangement behind the scenes, which in fact continues the line of cooperation between the conservative left-wing forces and nationalists, might further worsen the interethnic tension, thus aggravating the lack of confidence manifested abroad toward democratic evolutions in Romania, all the more so since the extremist nationalism represented in such an aggressive manner in the parliament by the National Block produces a deplorable impression in the West. So far, we must admit, the PUNR has always joined decisions, programs, and the attitude of the left-wing alliance represented by the FDSN, Socialist Party of Labor, and the Romania Mare Party.

Through the rather important representation in the parliament, the PUNR obtained the role of arbiter in the legislative forum and can decide through the vote of its parliamentarians on extremely important issues for the future of our country. Precisely this role might make the PUNR fall into the temptation of using political blackmail on the leadership to obtain what it has not succeeded in obtaining so far: decisionmaking functions in an area that it has been wanting them for a long time. However, one might hope that separating itself from the national excesses of the National Block, the PUNR will know how to renounce to decisions that are part of political revenge, rather than patriotism. For the time being, through the alliance that has taken on a clear shape in the parliament between communists (reformed or not) and nationalists, the opposition is in danger of being reduced to a role of proxy, while the voice of extremists is stronger and, unfortunately, more effective. The PUNR should take its political role seriously and display a sense of balance and thoughtfulness in decisionmaking. If not, it would be open to the accusation that, together with the communists and extremist nationalists, the PUNR contributed to the isolation of the country in a moment when Europe's political map is in a process of being reevaluated.

Aid Aircraft Hit on Approach to Sarajevo

LD0112143192 Zagreb Radio Croatia Network in Serbo-Croatian 1400 GMT 1 Dec 92

[Text] The Zagreb office of the UNHCR [United Nations High Commissioner for Refugees] has reported that the humanitarian airlift to Sarajevo was disrupted today at about 1200 after fire was opened on one carrier aircraft as it was approaching the airport of Bosnia-Hercegovina's capital. A UNHRC representative said that the aircraft's tail section was hit with gunfire from light infantry weapons, and an investigation is under way. The humanitarian airlift will be suspended for at least two days.

Sarajevo Airport Closed

LD0112155592 Belgrade TANJUG in English 1519 GMT 1 Dec 92

[Text] Belgrade, Dec 1 (TANJUG)—The U.N. Protection Force (UNPROFOR) in embattled Bosnia-Hercegovina closed Sarajevo airport to humanitarian flights on Tuesday [1 December] afternoon after a U.S. transport plane was attacked from small arms. An UNPROFOR spokesman said the plane had been only slightly damaged and none of the crew had been hurt. The plane, carrying humanitarian aid, was hit while making a landing, REUTERS said.

Sarajevo is the capital of the former Yugoslav Republic of Bosnia-Hercegovina, which has for nearly eight months been the scene of a fierce ethnic war, with its Moslems and Croats pitted against the local Serbs. Sarajevo's population of 380,000 has been heavily dependent on humanitarian deliveries for its very survival.

The airport was last closed to traffic last week, when a French plane was hit from the ground, again without serious consequences. [Words indistinct] it had been closed for a month, after an Italian plane was downed by a missile on September 3, killing all four crew on board.

Humanitarian Airlift Suspended

LD0112201792 Belgrade TANJUG in English 1945 GMT 1 Dec 92

[Text] Belgrade, Dec 1 (TANJUG)—UNPROFOR [UN Protection Force] closed Sarajevo airport at 12:10 local time on Tuesday [1 December] and has suspended the humanitarian airlift until Thursday, UNPROFOR Belgrade told TANJUG on Tuesday afternoon.

The closure came after a U.S. transport aircraft flying in relief supplies was hit by small-arms fire while on final approach to the airport.

The aircraft sustained only minor damage and its crew escaped injury. The U.N. peacekeepers closed down the airport immediately after it had taken off on its return flight.

Serbs Deny Responsibility

LD0112230992 Belgrade TANJUG Domestic Service in Serbo-Croatian 2102 GMT 1 Dec 92

[Text] Belgrade, 1 Dec (TANJUG)—Colonel Stanislav Galic, commander of the Sarajevo-Romanija Corps, informed Egyptian General 'Ali Abd-al-Razzaq, UNPROFOR commander for the Sarajevo sector, that there is no possibility that the bullet that hit the U.S. aircraft today was fired by members of the Army of the Serb Republic, SRNA reported this evening.

The U.S. aircraft was hit by a small-caliber bullet while landing at Sarajevo Airport today bringing in humanitarian aid. According to the Lukavica-based Serb military sources, the aircraft did not sustain any serious damage and the pilot managed to make a safe landing.

Sarajevo Airport Shelling Reportedly Resumes

AU0212123492 Paris AFP in English 1144 GMT 02 Dec 92

[Excerpts] Sarajevo, Dec 2 (AFP)—Shelling erupted outside Sarajevo Wednesday [2 December] after violent clashes around the airport Tuesday left eight people dead and 56 injured and as the United Nations kept the airport closed to relief flights.

The airport sector was calm overnight after Tuesday's confrontation between Moslem-Croat defenders of the city and Bosnian Serb attackers in which hospital sources said 40 of the 56 injured were fighters. [passage omitted]

Tuesday's fighting around the airport started when Bosnian infantry units attacked Serbian forces stationed in the village of Ilidza, which borders the airport.

The Serbs responded with intense artillery fire that shook the entire sector, Commander Barry Frewer, a spokesman for the United Nations troops in Sarajevo, said Wednesday.

U.N. military observers said 300 missiles landed Tuesday in Bosnian-controlled zones, against 14 that landed in Serbian positions, according to the spokesman. [passage omitted]

U.N. forces also observed "intense fighting" around Ostrozac, about 15 kilometers (nine miles) north of Bihac, Frewer said.

He said a Canadian U.N. unit that has been delayed from deploying in Banja Luka in Serbian-controlled north-central Bosnia should start heading there "in the next few days" from its current base in Daruvar, Croatia.

On Tuesday, a Canadian reconnaissance team and a Dutch transport company arrived in the Banja Luka region, and "we are now discussing with the local Serbian authorities to determine the date and conditions for deployment," the spokesman said. [passage omitted]

Attacks on Sarajevo Continue; 5 Dead, 19 Wounded

LD0212000992 Sarajevo Radio Bosnia-Hercegovina Network in Serbo-Croatian 2300 GMT 1 Dec 92

[Text] The greater part of the capital of Bosnia-Hercegovina was exposed yesterday to chetnik attacks from heavy weapons. The explosions from the shelling continued to reverberate into the evening. Here is a more detailed report from Jovo Jovanovic:

[Jovanovic] Another day of war has drawn to a close and Sarajevo has added fresh casualties to its tragic toll. According to available information five of our fellow citizens died today and 19 were seriously or slightly wounded.

The district of Otes was the target throughout the day of the heaviest attacks of the enemy. The aggressor fired more than 1,000 shells at this area and almost all the district is still in flames. It was a similar situation today in Sokolj, Brijesce, Boljakov Potok, Stup, and (Stupsko Brdo), and somewhat fewer shells were fired by the enemy at Dobrinja, Alipasino Polje, Vojnicko Polje, and Mojmilo.

Other parts of the town were considerably quieter and I only say that because the aggressor's infantry fire was, in comparison with today's hell in Otes and surrounding districts, indeed peaceful. Although the enemy action has died down we are neverthelss entering the second part of the night with great uncertainty.

Muslim Infantry Launches Attack in Sarajevo

LD0112231492 Belgrade TANJUG Domestic Service in Serbo-Croatian 2209 GMT 1 Dec 92

[Text] Belgrade, 1 Dec (TANJUG)—Muslim units launched a fierce mortar attack on the Serb part of Dobrinja, the airport district, and Nedjarici in the south-western part of the Sarajevo battlefield from their positions in Sokolovic Kolonija, the SRNA news agency reported this evening quoting the Serb Lukavica-based military sources.

The Muslim forces tried to carry out an infantry attack from the direction of Dobrinja 5 and the Olympic village toward Nedjarici, but it was repulsed successfully.

Attacks on Ilidza from the direction of Otes and Mt. Igman abated in the evening, and only infantry and sporadic mortar fire can now be heard coming from that part of the battlefield.

Shooting also died down at the Vogosca battlefield after 1900, and it is only sporadic barrages of infantry fire that reverberate in the night.

Grbavica, Vrace, and Vojkovici are peaceful this evening.

Serb Forces Continue Attacks on Sarajevo Area

LD0112222192 Zagreb Radio Croatia Network in Serbo-Croatian 1600 GMT 1 Dec 92

[Report by Zdenko Vranjas from Sarajevo]

[Text] Artillery attacks by the aggressor on the western suburban areas of Otes, Stup, Sokolj, and Brijesce, which continued through the night and this morning until the early part of this afternoon, have been followed by a (?fierce) combined tank and infantry attack by the chetniks from the direction of Doglodi. The fighting is continuing, but the initial attempts of Serb forces to enter the town via Otes and Stup and other suburbs in the west have been thwarted. According to information from the 1st Corps of the Bosnia-Hercegovina Army, in fierce fighting (?the defenders) destroyed three Serb tanks and one armored transporter.

At the same time, from early morning until 1500, Serb artillery [words indistinct]] the Sarajevo suburb of Boljakov Potok. Shells also fell on Buca Potok, [name indistinct], Alipasino Polje, the Pavle Goranin estate and in Boljakov Potok. [Words indistinct] were not damaged in this attack.

According to initial but incomplete information, at least two civilians were killed and 10 others injured. It is feared that the number of casualties is far greater. [Words indistinct] were injured in Stari Grad, which was hit occasionally today by Serb artillery. The city is again without electricity.

Serbs Continue 'Fierce Attack' Against Gradacac

LD0112181692 Zagreb Radio Croatia Network in Serbo-Croatian 1600 GMT 1 Dec 92

[Report by Vladimir Fajgl]

[Text] The Gradacac press center announced today that at about 1600, chetniks made a fierce attack, using destructive grenades and heavy artillery, against Gradacac and the town's hospital from their strongholds in Misici, Modrica and Skugric. There is still no information about possible casualites.

According to the same source, Serbian and Montenegrin chetniks continued their destructive attacks on Gradacac during yesterday afternoon and last night, killing innocent people and causing damage to homes. Howitzers, mortars and recoilless guns were in action from the directions of Misici and Skugric, and all the important facilties in the town and the industrial zone, which, although already destroyed, were again hit.

The defenders of Gradacac are fighting the fiercest battles with chetniks along the western sector of the front in Vida and Pozarike, where the aggressors' forces tried to make an infantry breakthrough, which was repulsed. From the direction of Gojkovo Polje, the chetniks are today using heavy artillery to attack the northern parts of Gradacac's defense lines on Imirici Mountain, and they

are also destroying civilian dwellings. Three fighters have been killed and 12 wounded in the heavy fighting on the Gradacac battlefield. Among those wounded are two civilians.

Minister Issues Statement on Islamic Conference

AU0112133192 Sarajevo Radio Bosnia-Hercegovina Network in Serbo-Croatian 1100 GMT 1 Dec 92

[Statement by Foreign Minister Haris Silajdzic to BH PRESS on the start of the Islamic Conference Organization (ICO) summit on 1 December; place not given]

[Text] We hope that ICO members will respond positively to our demands. We also hope that this organization will use its political influence to bring about a u-turn in the international community's treatment of the Bosnia-Hercegovina issue. We will ask that the United Nations' decisions be observed by a certain deadline. If that does not happen, we will ask for military intervention under UN auspices. We will ask for the arms embargo to be lifted against Bosnia-Hercegovina. The Bosnia-Hercegovina Government has submitted a program of imperative aid for Bosnia-Hercegovina during the winter, which has been incorporated into the ICO documents.

HVO Official Says Prisoner Exchange Planned

LD0112174592 Zagreb Radio Croatia Network in Serbo-Croatian 1200 GMT 1 Dec 92

[Report by correspondent Slavko Rako from Mostar]

[Text] During talks yesterday between a Croatian Defense Council [HVO] delegation and the Serb aggressor army in Stolac with the mediation of the UN Protection Force [UNPROFOR], a serious incident occurred, Bozo Rajic, assitant head of the defense section of the HVO of the Croatian community of Herceg-Bosna, said at a news conference today. On that occasion an UNPROFOR vehicle hit a mine which damaged the vehicle and wounded two members of the blue helmets. According to Rajic, the Serb aggressor side admitted that the accident occurred on their side of the battlefront and that this was a mine which they did not know about.

As far as the talks are concerned, it was agreed that the bodies of people killed in recent fighting be exchanged on Friday, 4 November [as heard]. The HVO will hand over the bodies of seven dead chetniks, and the aggressor's side will hand over the bodies of between six and nine dead HVO fighters, Bozo Rajic said. The talks will resume after the exchange, and Rajic announced an exchange of 100 people on each side to be carried out tomorrow near Livno. Lists of people to be exchanged are being drawn up today.

Bozo Rajic also informed journalists about the situation on the front line, where it was mainly peaceful yesterday and last night. Last night, the aggressor fired about 30 tank shells on the Buna area, but HVO units did not return fire.

Journalists were also interested in Rajic's comment on the talks between General Bobetko, [chief of general staff of the Croatian Army] and the war criminal, General Mladic [Boanian Serb Army commander], in Sarajevo, but Bozo Rajic said that this issue was the concern of the Croatian Army and of the Republic of Croatia, and not of the HVO, stressing that attacks launched on the territory of the Republic of Croatia from the area of Bosnia-Hercegovina were discussed during the talks.

In connection with today's meeting of Islamic countries, and their involvement, Bozo Rajic expressed his conviction that they will not become directly involved in the fighting in the Balkans.

HVO Denies Withdrawing from Otes Area

AU0212122092 Sarajevo Radio Bosnia-Hercegovina Network in Serbo-Croatian 1100 GMT 2 Dec 92

[Text] The Sarajevo headquarters of the Croatian Defense Council [HVO] has today analyzed the situation in the Stup and Otes battle zones, where units of the HVO and the Bosnia-Hercegovina Army are holding the front defense lines.

It has to be stressed that our defense lines were strengthened after yesterday's chetnik attack with armor, that the HVO has not been pushed back an inch from its territory, and that in some parts they have even taken the initiative. The HVO units there have so far suffered several members slightly wounded.

Considering the fact that there have been some rumors in the city, obviously launched by malicious people and fifth columnists, that the HVO has withdrawn from Otes, the Sarajevo headquarters of the HVO is inviting all those who wish to do so to go there and see the real situation. That appears to be the only way to put a stop to such rumors spread by certain individuals who do not care much about the good relations between the Croats and Muslims in this region, says today's statement by the Sarajevo headquarters of the HVO.

More Refugees Arriving From Bosnia

LD0112224592 Zagreb Radio Croatia Network in Serbo-Croatian 2100 GMT 1 Dec 92

[Excerpts] Before we report from the battlefields in Bosnia-Hercegovina, here is Zdravko Sever, our reporter from Novska, who reports about today's ethnic cleansing in the neighboring state and about refugees arriving in Croatia this evening.

[Sever] Following a respite of several days, a stream of refugees from Bosnian Krajina is again flowing into Croatia. In the past three months 15,000 refugees have passed through Novska alone.

According to information available this evening, large numbers of Croats and a smaller number of Muslims are expected to arrive from the Sanski Most area. To this number of 15,000 refugees, 522 new refugees, who arrived at 2000 this evening, should be added. They include 413 inhabitants of Bosanska Dubica, where there are no Croats left and where 600 Muslims remain. [passage omitted]

Soon afterward, two buses with 59 refugees from Banja Luka and 50 from Sanski Most arrived at about 2100. [passage omitted] It is expected that about 2,000 Croats and a smaller number of Muslims from Sanski Most will arrive in Novska in the next few days.

Tudjman Discusses Serb Relations, Bosnian War

LD0112183792 Zagreb Radio Croatia Network in Serbo-Croatian 1100 GMT 1 Dec 92

[News conference by Croatian President Dr. Franjo Tudjman in Zagreb;—live]

[Excerpts] [Moderator] Good day. I hereby open another regular news conference with Dr. Franjo Tudjman, president of the republic. Will you please ask the first question.

[Bunjavac] Ljiljana Bunjavac, Croatian television. Mr. President, Croatia expects the UN Protection Force UNPROFOR to leave as soon as its mandate expires. In his latest report, Butrus-Ghali [UN secretary-general] indicates the possibility of UNPROFOR staying. What is Croatia to expect with, or rather without, UNPROFOR? And my second question: Will you please comment on the negotiations between Corps General Anton Tus and representatives of the enemy army and the confusion that resulted from the inclusion of talks between General Bobetko [Croatian Army commander] and the enemy army general, Mladic [Bosnian Serb Army commander]. Thank you.

[Tudjman] Regarding your first question about UNPROFOR, we have laid down the demand, which we intend to put in even more specific terms, that UNPROFOR must implement the Vance plan. It is too early to consider what will happen once UNPROFOR's mandate expires. In any case, Croatia is not willing to extend the UNPROFOR mandate only to see it again fail to carry out its tasks.

We are not aware of any confusion surrounding the meeting between Gen Bobetko, Gen. Morillon [UNPROFOR commander for Bosnia], and Mladic. Gen Bobetko attended the meeting to discuss with Gen. Morillon—in the latter's capacity of representative of the UN peace forces—the problem of ending attacks on Croatia from the territory of Bosnia-Hercegovina, from Bosanski Brod to Zupanja, and in particular the recent attacks on Zupanja. That was the first reason. The second reason was to use the talks to deny allegetions that Croatia had a 100,000-strong military force, or, as official circles in Belgrade have claimed, 16 or 19 brigades in Bosnia-Hercegovina. In other words, these were the reasons why Gen Bobetko took part in the talks. He himself went on Croatian television to explain that he had insisted that representatives of the Bosnia-Hercegovina armed forces supreme command, of the Croatian Defense Council, and of the territorial defense taking part in the talks as well. However, this was a problem to be sorted out by the instigator of the talks, Gen Morillon, and Bobetko's participation was linked with the above crucial issues concerning Croatia.

[Crnjakovic] [Name indistinct] Crnjakovic of VJESNIK. Mr. President, some foreign media circles claim that (?last Saturday) you met Messrs. Vance and Owen [cochairmen of the Conference on Yugoslavia] prior to their departure to attend the Islamic Conference Organization. If this is true, can you confirm this report and can you tell us more about the purpose of that meeting?

[Tudjman] Yes, at the end of last week I had a working meeting with Mr. Vance and Lord Owen. The meeting took place behind closed doors, without journalists. We discussed all issues relating to UNPROFOR and to the crisis on the territory of former Yugoslavia.

[Moderator] Any other question?

[Crnjakovic] Sorry, but if there is no one else, I have another question for the president. In view of stories circulating in Zagreb to the effect that in many enterprises a second-degree state of alert has been introduced, is there a possibility of conflict being renewed in Croatia?

[Tudjman] I think that there is no possibility whatsoever of the war in Croatia being renewed under present circumstances. This enhanced state of alert has happened as a result of excessive eagerness on the part of some people who have learned that Serb forces have redeployed some of their missiles in Bosnia-Hercegovina. So, these people became frightened that these missiles will perhaps be directed against Croatian towns.

Personally, I was not aware of this enhanced state of alert but, in its own way this shows that our people are prepared for any eventuality. However, as I said, there is

no possibility of that except, of course, of isolated incidents provoked by members of Serb paramilitary formations along the demarcation lines which will continue for as long as UNPROFOR keeps failing to execute its task and until we establish constitutional order throughout Croatian territory. Realistically, there is no possibility of any renewed military actions in Croatia.

[Tudjen] Branko Tudjen of VECERNJI LIST. Like my colleague before me I will take the liberty to ask two questions. My first question refers to events in Belgrade and your comment. [Deputy Prime Minister] Oskar Kovac has resigned; some other ministers in Panic's government have done the same. Panic wants to submit his candidature for president of Serbia. In your view, what is going to happen there? My second question: How do you view recent Tirana-Ankara and Ankara-Sofia military-political links. What is behind these moves?

[Tudjman] First, the crisis in Belgrade, of the Yugoslav—or what ever you want to call it—Government is an indication of the mounting difficulties, of the growing international isolation of Belgrade and Serbia as a result of the policy conducted by the current Yugoslav, or rather Serbian Government and by Serbia in general, which serves to prolong the aggression against Bosnia-Hercegovina and to foment extremism in UN Protected Area [UNPA] zones in Croatia. The situation there can be described as turmoil caused by the internal situation in Serbia and is linked with their pre-election campaign. I do not wish to predict the outcome. This is purely a Serbian affair, of concern to political forces there and to the Serb people. I am convinced that Serbia will eventually be forced to accept that it will not be able to impose or to create a greater Serbia from parts of Croatia and that it will not be able, as planned, to annex the whole of Bosnia-Hercegovina and to incorporate it into their greater Serbia or, rather, third Yugoslavia, and that it will have to succumb to the demands of the international community to search for solutions by abandoning its aggression.

Regarding your second question about the rapprochement and to a certain extent, as you put it, the setting up of an alliance between Turkey and Bulgaria and Albania and Bulgaria, this indicates that Serbia is facing unanimous condemnation from all neighboring countries, from almost all of them, and, accordingly, this will be one of the factors which will have an impact on the efforts to resolve the crisis in former Yugoslavia. In this context, we must mention the conclusions of the Islamic Conference Organization in Istanbul and in Jeddah, which is taking place today and tomorrow, when it is due to end. In other words, circumstances are being created eventually to put a final end to this criminal war, this agression of unprecedented proportions against Bosnia.

[Unidentified reporter] Recently, the Croatian public has been increasingly concerned that Croatia's reputation in the world is being damaged. It is a fact that some of the media [words indistinct] and even you personally [words indistinct], in your view, what are the true reasons behind these negative attitudes? Are you going to do something about this?

[Tudjman] In the first place, I believe that such a view is not correct. Croatia's reputation has been on the rise, not on the decline. At the moment, Croatia's reputation has reached an all-time high. Not only does Croatia have normal, official relations, but there are also statements and assurances by Europe's most responsible powers, and even the world's main power, referring to cooperation in the political and economic sphere. Therefore, this view is not only a fleeting impression but groundless. If some minor piece of scribbling appears, even in some respectable newspapers, this does not mean that Croatia's reputation is suffering a decline. On the contrary, Croatia's reputation is growing and those who think, or write, or who thought they would affect Croatia's internal and foreign policies, will be convinced of this. Croatia will be admitted to international financial organizations. Croatia's position is [words indistinct].

[Unidentified reporter—in English] Can I ask you to comment on your general comments on the way the Yugoslav crisis is developing, especially in the light of Acting U.S. Secretary of State Eagleburger's comments [words indistinct].

[Tudjman] First of all, regarding the possibility of the fighting on the former Yugoslavia's soil spreading to Kosovo, there are such dangers. It seems to me, however, given what the aggressors are going to experience and have experienced—most of all, the fact that their aggression against Croatia was defeated through the resolve of Croatia, of the Croatian people, as well as of the international community—then the fact that their aggression against Bosnia-Hercegovina will, after all, not yield the results they expected although the international community has failed to face up to the aggression in Bosnia-Hercegovina. [sentence as heard] By tolerating the continuation of this aggression for so long, the international community may understandably also fuel some plans for some other areas. Nevertheless, it seems to me that things will unfold in a way which will not result in a spread, in some kind of Balkans war which, in a sense, would mean a wider world confrontation. Regretfully, I believe that there is no possibility of the engagement of larger land forces of the EC or even of the United States.

This is a matter of expanding these to 50,000 or 100,000 U.S. soldiers who would be deployed in a way similar to some other cases. We cannot expect this. In my opinion, the most we might expect is the Security Council's deployment of a larger peace force and the authorization for it to use armed force to prevent further aggression along with the use of air power. I share the view of those people who believe that air strikes against the aggressor's vital facilities would suffice to put an end to further aggression. Referring to your question, I would rather not speculate about further possibilities in this respect.

[Unidentified reporter] [Passage indistinct] Second, do you suppose that a forecast that conflicts will break out in Kosovo and Macedonia is just a deliberate attempt to divert the attention of the world public to those areas in order to gain time for the aggressor to complete its work in Bosnia-Hercegovina. Thank you.

[Tudjman] Allow me to answer your second question first. It can be understood in that way, too. Although there is a problem of Kosovo and Macedonia, especially in the sense that it is well known that Serbian circles plan to resolve that issue by driving Albanians away from the northern parts of Kosovo, it brings into question the position of Macedonians, that is the fate of Macedonians in Macedonia. The very failure not to recognize Macedonia on the part of Greece, and hence the European Community, leaves that issue open.

So, Europe and the world are facing a Balkan problem which has caused two Balkan wars. Understandably, the world is rather concerned and is also trying to find an alibi—as it did with humanitarian aid—for the main problem, the problem of agrression against Bosnia-Hercegovina.

Let us go back to your first question about Knin. Talks with Mr. Vance and Lord Owen, cochairmen of the conference on former Yugoslavia and envoys of the secretary general of the United Nations, were not brief. They were detailed even though a statement was not issued. Nevertheless, I believe that both Mr. Vance and Lord Owen made things clear during their last visit to Knin and Sector East when they told Serbian extremist ringleaders that this is Croatia, that they were in the internationally recognized Croatian state, and that the solution to the problem of the Serbian minority had to be sought within the framework of the Croatian state in line with international conventions and the constitutional law adopted by Croatia.

The instances you cite show that Belgrade is making moves through extremists in Knin and specifically in Sector East, who may want to sustain a tense atmosphere in Croatia and even cause incidents precisely with a view to that turmoil in Belgrade. [as heard] Nevertheless, it is unlikely that they can cause serious incidents there, or that they will be capable—as one can hear—of bringing thousands of new Serbs to the Drnis area.

UNPROFOR has reached a conclusion—and the cochairmen reached a conclusion—that the Vance plan has been brought into question and that UNPROFOR should take steps to implement it. Furthermore, Croatia is today in a different position and the war in Bosnia-Hercegovina will not end—as the Serb extremists hoped—in a unification of the Serb areas in Bosnia and areas currently under the UN peace-keepers in Croatia.

I would even dare to say that these are the last political efforts of that Greater Serbian expansionist policy to prevent, by exacerbating relations, the international community from imposing a peaceful solution. Regardless of all their efforts, they will be forced [as heard] in view of international isolation as well as to the consistency and resoluteness of Croatian policy on its territory, which has fully created political requirements by adopting the constitutional law giving special status to Serbs in two counties where they are in a majority and the law on amnesty for those taking part in the war against Croatia but who did not bloody their hands, who did not become war criminals. Likewise, we adopted the law on responsibility for those who continue to be involved in terrorist and subversive activities aimed at destroying Croatia's constitutional and legal system.

Hence, I believe that chances for the aggressive Serbian policy to succeed are slimmer today then they expected despite their temporary successes in Bosnia. I am convinced that the world is more and more united in condemning Serbian aggression, and I am convinced that the coming days will be even more decisive.

At a conference on human rights in Geneva, the Serbian aggression is condemned more resolutely than before. In Istanbul, Islamic countries showed the same and it is likely that what Islamic countries decide at their conference in Jeddah will have some influence. Then a report by the UN secretary general also shows that some things cannot be postponed anymore, and that the international community will have to take concrete steps to end the aggression and war on the soil of former Yugoslavia.

Clearly, this is also influenced by the elections in the United States—until the new U.S. Government takes over—as well as expectations of the European and world community to see what will happen at the elections in Serbia.

[Unidentified journalist] [Name indistinct] of SLOBODNA DALMACIJA. The Croatian Assembly has just submitted for public debate four laws providing for a new territorial organization of Croatia. Can you tell us how you see the proposal to split Croatia into 20 counties and 383 municipalities, especially in the light of indications that, as usually happens, not everyone will be happy with the division? Particular objections have been raised to the proposed demarcation of Serb districts. Should they be left as autonomous entities within a county with a degree of autonomy as outlined by the constitutinal law, or should they be incorportated into one county? My second question is topical and concerns the Maslenica bridge [northwest of Zadar]. What measures has the Croatian Government taken to rebuild the bridge?

[Tudjman] [passage omitted] As for the Serb, I mean the two districts of [name indistinct] and (?Knin), I think that in this respect a very appropriate solution has been put forward. I listened with satisfaction the deputies who insisted that Knin was and will be a Croatian town, a Croatian district, but that it should not be considered as a burden if it is incorporated into this or that county, or in this specific instance, into either Zadar or Sibenik county. The notion of these two districts comprising a single county [passage indistinct]. [passage omitted]

The Maslenica bridge will be rebuilt. A pontoon bridge will be erected very soon and the construction of a new bridge will begin shortly. We have been given the go-ahead and we are in the process of negotiating with international factors. This is one of the examples which confirms that we cannot and must not leave it either to UNPROFOR or to the resistance of Serb (?outlaws) in individual areas.

But this is not the only issue, there are others which we will try to resolve with help either from UNPROFOR or from international factors. In this example, Croatia will show that it is a sovereign country.

[Jevremovic] Jela Jevremovic of CBS Radio. I would like to ask a political question. What do you expect from the Islamic Conference in Jeddah? Do you think that intensified pressure from Islamic countries can make the west take more resolute steps for fear of [word indistinct] by the Islamic countries in Bosnia-Hercegovina?

[Tudjman] That is a very complex question. I am afraid that it is precisely the fear of Islamic fundamentalism that has restrained many international factors in taming the aggression. But, I maintain that the world now faces the consequences of aggression, ethnic cleansing, and destruction on a scale which has been recorded only a few times—not only in modern history but also in the distant past. Both Europe and the world will have to take into consideration the dissatisfaction of the Islamic world, of the Islamic countries, and these conclusions will influence the future resolution of the crisis on the territory of Bosnia-Hercegovina.

I can repeat with pleasure that an Islamic delegation which visited us about 10 days ago concluded after their talks in Sarajevo that Croatia is the only country in Europe which sided with Bosnian Muslims, in the defense of Bosnia-Hercegovina, in the recognition of Bosnia-Hercegovina, and in the acceptance of nearly half a million refugees. In this regard, we removed doubts that used to arise and on the basis of which some came to conclusions which brought into question both Croatia's policy and the reputation of Croatia's policy.

I expect that the results of these meetings will have a strong influence on the conference on former Yugoslavia and the adoption of conclusions in the UN Secirity Council.

[Moderator] The last question please.

[Unidentified reporter—in English] When you spoke about the borders of the counties you said that they will be based on historical, economic, traditional, and similar bases; I did not hear whether you mentioned the preservation of minority rights. If I understood you rightly, could you please confirm it, or if it is not right, how do plan to protect minority rights in certain areas?

[Tudjman] I said that within the framework of our solution and of what we said in our constitutional law we secured a special status for two counties in which the Serb minority makes up the majority. So, this solution of the territorial organization of the state administration, the state self-administration, took this into consideration.

Daily Says Bias Against Local Serbs Escalating

LD0212123692 Belgrade TANJUG in English 1206 GMT 2 Dec 92

[Text] Belgrade, Dec 2 (TANJUG)—The Belgrade daily POLITIKA EKSPRES writes on Wednesday [2 December] about an "unprecedented escalation of hatred" in the Croatian parliament for Serbs remaining in the former Yugoslav Republic.

Attacks on Serbs at the parliament's session on Monday were caused by a request of two Serb deputies to "ease the criteria and shorten an intricate procedure to obtain Croatian citizenship which is, due to unjustified reasons, denied to many Croatian citizens of Serb nationality," the daily explains.

Serb Deputy Zivko Juzbasic warned that "citizenship is also denied to the Serbs from Banija who are Croatian citizens by birth and whose ancestors came to live in the Croatian territory 500 years ago," writes the daily. Banija is a region about a hundred kms south of Zagreb, populated mostly by Serbs.

Croatian deputies replied by threatening to banish Serbs from Croatia if they did not accept the status of a national minority, the Croatian flag and national anthem, and the Croatian Army and police, the daily writes.

It also points out to the "rude lie" expressed in the parliament by Croatian Interior Minister Ivan Jarnjak, who said that all applications for citizenship the Interior Ministry had received up to one month earlier have been solved. "Several thousand people, who submitted requests for obtaining citizenship as early as last spring or summer, have so far not received any answers," writes the daily.

The Croatian paramilitary formations last year launched an armed showdown with Serbs in Croatia, after the Serbs had opposed the secessionist policy of the Croatian Government and an attempt to reduce the status of the Serb people to that of a national minority.

The Serbs proclaimed their Republic of Serb Krajina within the administrative borders of Croatia, in the territory where they account for the majority of population. This territory was put under protection of a U.N. peace-keeping force, until a political solution is found.

Many Serbs who lived in Croatia have been either killed or expelled, and their property seized. Those who are still alive are denied citizenship certificates by the Croatian authorities, and thus deprived of all civil rights—the right to work, property, apartment and the like.

Airline Listing on Zagreb Stock Market

93BA0217C Zagreb NOVI VJESNIK in Serbo-Croatian 17 Nov 92 p 6

[Article by Sanja Smiljanic: "Croatia Airlines Is Breaking the Ice"]

[Text] Zagreb—In another week a real exchange transaction will begin on the Zagreb Stock Exchange. The shares of the third issue of Croatia Airlines [CTN], which are on the secondary stock listing of the exchange (stock listing 2B), will be traded at a price determined by supply and demand. In connection with this important moment, as the future will probably demonstrate, on Monday [16 November] a press conference was held at the Zagreb Stock Exchange at which the spokesmen were Martin Katicic, director of CTN, financial director Zeljko Jakus, and Zlatko Matesa, member of the board of directors.

As Marinko Papuga, exchange director, emphasized, in going onto the stock exchange Croatia Airlines is among other things breaking the ice which usually hides information about a firm's business operation. In order to offer its stock on the exchange, CTN had to prepare a detailed prospectus on the firm and its business operation, and it will be published in the media.

In a rough sketch, the company which is coming onto the exchange for the first time has been losing money, but has prospects for success. The general sales agent of that airline is Bemex for Germany and Switzerland, Phoenix Holidays for Great Britain, and Phoenix Vakantjes for the Benelux countries. The company owns 90 percent of the Frankfurt firm Croatia Reisen GmbH, 20 percent of Generalturist, and is a founder of the Croatian Postal Bank with 2.1 percent of founding capital.

Since August of this year it has been an active member of the International Association of Air Carriers.

It employs 239 people.

After revaluation, the company's founding capital amounts to 6.3 million dinars, including funds to establish the company and commence operation obtained from the issuance and purchase of 57,300 shares at a nominal value of 110 dinars. In the second stock issue, 215,400 shares with a nominal value of 110 dinars were issued and purchased for money and property. The third issue is for $30 million. The shares are in denominations of $100, $500, and $1,000, and they afford the right to one, five, and 10 votes, respectively, in the meeting of stockholders. The stock of the third issue is common stock, it is made out to the bearer, and it is transferable by sale. Proceeds of $16 million have been obtained from the sale of 66,311 shares of the third issue, 38,087 shares of which were bought by individuals. Those shares were sold in Croatia, Germany, Austria, Switzerland, the United States, and Canada.

In all, 339,011 shares have been issued and sold in all three issues, and CTN has more than 4,600 investors.

According to figures as of 31 December 1991, on the list of CTN's largest shareholders by the number of votes, INA leads with 142,546 shares, 32.3 percent of the stock, followed by Zagreb Airport, Enikon, Coning in Varazdin, the Zadar Transportation Enterprise, Masinoimpex, Atlantica, Privredna Banka Zagreb, Croatia Insurance, Slavija Lloyd, the Croatian lottery, Pieter, the Adriatic oil pipeline, Astra-Tourism, the Osijek Airport, and Opatija ACY.

Last year, before escalation of the war and termination of the contract with Adria Airways, there were 2,548 flights, 139,972 passengers were carried, and aircraft utilization was 44 percent.

Negotiations with Lufthansa ended with a lease-purchase agreement for three B-737-200 aircraft, which seat 116. They are intended for flights in domestic, regional, and Euromediterranean space. Aside from those planes, CTN also has in its fleet one Cessna 550 and one Cessna 310 and three Cessna 402's. In the first nine months of this year, there were 2,485 flights, 140,280 passengers were carried, and aircraft utilization was 51 percent. For the market objectives which have been planned, from coverage of the domestic and Euromediterranean market to long-distance traffic and the development of a charter business, CTN needs a fleet of four or five short-range aircraft, seven or eight medium-range aircraft, and three or four wide-body long-range aircraft.

The income statement as of 31 December 1991 shows a loss of 200,458,000 dinars, and the income statement as of 30 June of this year shows a loss of 457,189,000 dinars. The income statement for 1991 was prepared by the Arthur Andersen Auditing Company, which has a world reputation.

Croatia Airlines is going onto the exchange—all those who want to buy or sell shares of that firm can do so beginning next Monday, exclusively, of course, through an authorized exchange broker.

Role, Popularity of Gospic Radio Viewed

93BA0217A Zagreb NOVI VJESNIK in Serbo-Croatian 18 Nov 92 p 28

[Article by Mladen Jambrovic: "Gospic Radio Yesterday, Today, and Tomorrow"]

[Text] Shells are falling, airplanes flying over, but the whole time Radio Gospic broadcasts without interruption. That is what kept us going at the time. When we were in the shelters and had trouble figuring out whether it was day or night, Radio Gospic was our only support and source of information. We could not get Radio Zagreb or television, so that the role of our radio was still greater.

That is how people talk about Croatian Radio—Radio Gospic. Mario Smoljic, director of Croatian Radio—

Radio Gospic, spoke about how they survived the war, where they were, what they did, and what their plans are.

"Before the war, we had a staff of six. Four of them went over to the other side immediately. The rest consisted of Subaric, who at that time was the director, and me. That was our situation on 30 August 1991, when the attack on Gospic began. Because Radio Gospic was one of the targets in that first attack, and at that time we had space in the opcina building on the third floor, which has now been completely destroyed, the decision was made to move somewhere else. We had no special equipment, and so we took the most basic things from the radio studio and borrowed a private mixer with four channels so that we could work. As far as music goes, we had an audio line worth about 200 marks. That was our main and most up-to-date equipment," Smoljic recalls.

"Because we did not have any place we could take shelter, we got an old van which we worked out of for two months. That also served as the Gospic press center at the time. All the journalists would come to us, and when the lads from the Gospic HRT [Croatian Radio-TV] came, they brought their telephone to the position and that is where they reported from to their offices.

"The essence of the program was to hear Croatian speech, because even before the war Radio Knin was the most important in this region, and then Serbian Radio Korenica and Radio Gracac also became involved in the propaganda competition.

"During the entire time of the war we broadcast throughout the day, we had call-in programs on which the listeners would call directly on that one line. We relayed messages, we learned who was alive and who had been killed. We lived with the people of Gospic and offered them various information," the present director of Radio Gospic says.

When the war died down, Radio Gospic also made the transition to "peacetime broadcasting," that is, a shorter broadcast day. The reason can be easily guessed—the lack of money, although Smoljic emphasizes the extensive help from Igor Mrduljasa, deputy minister in the information department responsible for radio stations, and the Association of Local News Media in Karlovac.

The lack of money is obvious in the very space where Gospic Radio now operates from. The roof leaks, the journalists almost get water down the back of their necks, but the biggest problem is that the transmitter gets wet. The premises of the Gospic Bureau of HTV [Croatian TV] are in a still worse condition, but we were told that no one is worried about that.

"We wanted to broadcast all day, because now Serbian Radio Korenica transmits relatively normal music the entire morning, attracts the listeners who have nothing else to listen to, and then spreads its propaganda on the news programs. Because they broadcast from a transmitter on Celavac, they can be heard even in Italy. We have to prevent this at any cost, and we have the full support of our fellow citizens, who trust us. For example, complaints about how there is no glass or rain is coming into their bedroom are sent to the responsible people over our radio waves," Smoljic says.

Although news from Gospic does not have an easy time getting on the "big radio," which is the way they refer to Radio Zagreb, because "it is not of importance to Croatia," many events on which Radio Gospic reports are very important to the inhabitants of this city, which is why broadcasting throughout the day would be very beneficial.

Federal

Draskovic To Support Panic in Presidential Race

AU0112214792 Belgrade Radio Beograd Network in Serbo-Croatian 1400 GMT 1 Dec 92

[Text] On the occasion of his announcement as a candidate for the presidency of Serbia, Depos candidate Vuk Draskovic held a news conference. Here is a report by Katarina Andric:

[Begin recording] [Andric] At the behest of the Serbian Renewal Movement, I agreed to be a Depos candidate for president of the Republic of Serbia, Draskovic said, adding:

[Draskovic] If Milan Panic becomes a candidate, however, then I will withdraw my candidacy [applause] and the Serbian Renewal Movement and I personally, and I believe the entire Depos as well, will also support Mr. Panic in the presidential race with all our might.

[Andric] What is worrisome is that the regime in Serbia is ready to use even formal obstacles, which is untenable, with a view to preventing Panic from becoming an official candidate for president, Draskovic stressed, and added that if Panic's candidacy is not certified, that it would be a great political scandal.

To take part in the elections or not is a dilemma Depos has been facing since the beginning of the election campaign, Draskovic said. Although conditions in the electoral race are unequal and irregular, Depos has decided to take part even in that kind of election. Depos is not, however, going to tolerate such behavior on the part of the ruling party which has been discriminating against other participants in the race every day, Draskovic said. If the ruling party continues to behave in such a way, Depos may withdraw from the race even on the eve of the elections. If that happens, Draskovic warned, the Socialist Party of Serbia with Slobodan Milosevic at its head will bear the responsibility. [end recording]

Prime Minister Appoints New Economics Minister

LD0112144992 Belgrade TANJUG in English 1328 GMT 1 Dec 92

[Text] Belgrade, December 1 (TANJUG)—Yugoslav Prime Minister Milan Panic has appointed Ljubomir Madzar, a full professor of economics at the Belgrade Faculty of Economics, new federal minister of the economy.

Madzar has been named in place of Nikola Sainovic who resigned on Sunday [29 November] because of differences with Prime Minister Panic over policy matters, which he said "threatened to bring the state into an unpermissible dependence on foreign factors."

Because of policy differences, Foreign Minister Vladislav Jovanovic had resigned after the London Conference on Yugoslavia. Over the weekend, Vice Prime Minister Oskar Kovac and Minister Without Portfolio Radmila Milentijevic also resigned.

Transportation Sector Suffering From Sanctions

LD0112173392 Belgrade TANJUG Domestic Service in Serbo-Croatian 0652 GMT 1 Dec 92

[Text] Belgrade, 1 Dec (TANJUG)—The UN Security Council sanctions have hit hit Yugoslav transport especially hard, YUGOSLAV ECONOMY IN 1992, an analytical document prepared by the Federal Government, states.

This branch of the economy was not doing very well before the sanctions either. The Federal Government's analysts say that in the first six months of this year transport's share of the total earnings of the economy of the Federal Republic of Yugoslavia was only 3.5 percent, while its share in the negative balance sheet of the Yugoslav economy amounted to 11.1 percent.

In the first six months, the volume of road transport declined by 10 percent compared with the same period last year, and it is estimated that by the end of the year it will have dropped by a further 20 percent.

Railway workers also had less work. In the first six months of this year the number of passengers declined by 24 percent, and the volume of goods by 7 percent compared with the first six months of last year.

Before the sanctions were imposed, domestic river transport declined by about 30 percent, and international river transport by 22.7 percent. Since the middle of this year, however, almost all transport on the River Danube has ceased.

Last year, air traffic recorded 1.1 million passengers, and in the first six months of this year 568,000, which means that it has almost halved. [sentence as received] Activities on our airports were reduced by as much as 60 percent. However, since the middle of this year, all Yugoslav aircraft have been banned from international flights, so the final impact at the end of the year will be disastrous.

Although telephone lines were directed via Budapest and Athens after lines with Zagreb were cut off, the Federal Government's analysts note that international telephone and telegraph communications are functioning with difficulty because only 70 percent of capacities are working.

At the end of the chapter on transport and communications, the analytical document estimates that at the end of this year the volume of work in the transport industry will be 50 percent smaller than in 1991.

Panic Discusses World Opinon, Bosnian War

93BA0229B Belgrade NIN in Serbo-Croatian 13 Nov 92 pp 18-21

[Interview with FRY Prime Minister Milan Panic by Dusan Miklja: "Getting Out of the Quarantine"]

[Text] *NIN's editors talked with the Yugoslav prime minister a little about everything, but most of all about whether things would be better for us. Milan Panic believes that they will, provided that we ourselves contribute to it.*

A trustworthy capitalist has (finally!) moved into the spacious building on the banks of the Danube, into the same offices in which the SFRY's prime ministers used to reside. Although by definition a man who knows the value of time, Prime Minister Milan Panic kept his interlocutors from NIN, chief editor Mile Gligorijevic, the editor of the foreign policy column, Dusan Velickovic, commentator Dusan Miklja, and photography editor Branko Belic longer than usual, and longer than possible in an overworked day—from the point of view of his closest collaborators.

Displaying, as on previous occasions, his proverbial optimism, Panic expressed the hope that Yugoslavia's international position would change for the better—naturally, depending on the domestic situation as well. This provided the occasion for a question about whether his numerous peace initiatives were encountering a commensurate international response.

[Panic] I am never satisfied with what I have done, even if it is good. I think, however, that we have obtained support. When I arrived, I really did not understand the kind of situation we were in. The situation was such that people in the world did not want to talk with us. Even my friends did not want to receive me just because I was coming from Yugoslavia, and one even said, "I do not even want you to touch my things!" To some extent we have changed that view. An incredibly unfavorable opinion of Serbs really did exist in the world. The Serbs were not as well known as we believed they were. A propaganda campaign has made them so.

I think that the opinion of Serbs is changing now. The well-known Senator Luger, previously hostile toward us, wrote to me personally. Even THE WASHINGTON POST, which was completely against us, has begun to change its position. The American and world press's judgment of Yugoslavia was completely negative. We have succeeded in changing that negative opinion of Serbs. The world has seen that I am a person who believes in peace and tolerance. Comparing myself with Izetbegovic, I said: "Yesterday you heard a person who spoke to you about war; today I will speak to you about peace." It is the beginning of the end for those people who are in favor of war, Izetbegovic [Bosnian president] or Tudjman [Croatian president]. It is now known that others are creating the problems in the Balkans, and not Milan Panic.

[NIN] How much time is needed, however, in order to eliminate the sanctions?

[Panic] UN Secretary General Butrus Butrus-Ghali told me, "Mr. Panic, if you think that you will eliminate the sanctions overnight, you are mistaken! It is easier to impose sanctions than to remove them!" He also told me, "I see that you are fighting; we need you."

For the time being we have succeeded in not having the sanctions made more severe. In London, they were preparing 47 new sanctions. They intended to cut off Yugoslavia's telephone communications with the world. Now some small positive steps have been taken. They gave us a little oil, for example. The receipt of pension benefits from abroad has been permitted. Yugoslavia has received approval to collect payment for flights in corridors through its territory. Perhaps it seems to you that these are little things, but they are important because that is the path that has to be followed in order for the sanctions to be completely eliminated.

After all, it is by no means easy to change the world's opinion after the Croats and Muslims have invested so many millions of dollars in the propaganda campaign against the Serbs. The Slovene, Austrian, and German propaganda machines were not unemployed either. We, on the contrary, did not have a corresponding informative response. In view of all this, the turnabout and the changes in world public opinion with respect to the Serbs represent a great success.

[NIN] Since we are already talking about the sanctions, there is an opinion, supported by the testimony of informed people, that in addition to the conditions for lifting the sanctions that are more or less known, there are also several other demands that are not explicit, and which include Milosevic's departure.

[Panic] Eagleburger told me that, and Belgian Foreign Minister Claes is also talking openly about it. I personally could not believe that an entire world policy could be turned against a people just because of one man. It does not sound logical to me, but I think that we are obliged to tell the truth. Whether it is good or not is not as important as knowing where we stand. They told me that, and I think that it is also necessary for me to say it the way I heard it.

I think, however, that that is not all. In order to have the sanctions lifted, it is also necessary to ensure peace in Bosnia. The prevailing opinion in the world is that we are responsible for that war. Naturally, I have tried to persuade the world otherwise, and I think that to a certain extent I have succeeded in proving that we are not responsible for that war. The Croatian Army, for instance, is still in Bosnia. The Croats and Muslims are accumulating weapons that are being brought in by ships and planes.

The world is obviously not perfect. Unfortunately, we are the victims. The difficulties, however, are no longer

just in the international attitude, but also in the circumstances that exist in Yugoslavia. It is certain that the sanctions will not be lifted until peace is ensured in Bosnia.

It is also important to recognize all the borders, as the Assembly has already done. It is also necessary to resolve somehow the problems with those borders.

In fighting for Yugoslavia's return to the international community, we have undertaken many initiatives and introduced behavior in diplomacy that can by no means be described as conventional. I will just mention the letter to the United Nations and the 12-point plan for peace in the Balkans. The world received that with consideration. The Geneva conference is only an extension of the London conference, at which our initiative was so conspicuous.

All that is not enough, however, because it did not allow us to improve our lives. Two-thirds of the African countries have a higher standard of living than us. We are in a tragic situation with wages with which one cannot buy anything. It could have been worse, however. Who knows what could have happened if we had not done what we did! I know that I have the moral support of the Serbian people, because I am convinced that the Serbs are in favor of peace. The moral support of the Serbian people is of great importance to me.

[NIN] Are there also Serbs who are profiting from the war?

[Panic] I think that this kind of situation creates opportunities for speculation and manipulation, and the multiplication of war profiteers. That is not just here, however. That is the case in every war. It has always happened. You cannot say that it is only a Serbian characteristic. This situation and especially the sanctions that were imposed against Yugoslavia created a paradise for the black market. It is hard for the state to fight it successfully. I regret that the wealth that the people have created is being transferred into the hands of various speculators and black marketeers; I regret that money is going abroad through underground and Mafia channels. I think that it is a real tragedy.

[NIN] If it is known that one of the crucial and tacit conditions for lifting the sanctions is Serbian President Slobodan Milosevic's departure, why isn't it made public?

[Panic] The Belgian minister openly stated it in the press there.

[NIN] Why isn't it made public here?

[Panic] In the three months that I have been here, I have learned a lot from President Cosic. He explained to me how much all those who lived under the Titoist system for 40 years have been permeated by it.

Just take for example what is happening in the Assembly. It is a personification of the war, it is the communist style, and it is Titoism. Unfortunately, I am also one of those who had problems with that system.

[NIN] Perhaps the first time you were perplexed, and then you became used to it?

[Panic] A person can never get used to that. That kind of behavior has to be eliminated, because it is uncivilized.

[NIN] Since you have already mentioned Dobrica Cosic, it must be stated that the two of you are viewed as a splendid pair. Most Serbs view what you are doing sympathetically. After all, that can be seen from the public opinion polls. LE MONDE, however, wrote that there were certain disagreements between you and Mr. Cosic.

[Panic] I have not had bad experiences with Cosic. Do you know why? Because I do not know enough. He, on the contrary, is an expert on Serbian and Yugoslav issues. Since I trust him, Cosic perhaps can tell you where the differences lie. As far as I personally am concerned, there are no disagreements at all, especially on the most important issues. There are differences, naturally. Cosic is an extremely abstract intellectual, a person who thinks about things differently than I, which is natural, because we not only have had different experiences, but we come from two different worlds. That is why we are a team, and that is why we work well together. I have taken over worrying about politics in the world, and Cosic is dealing more with the domestic situation and strategic matters.

It was said of Cosic that he was Milosevic's spiritual father, and of me, in turn, that I was Milosevic's puppet. Now no one thinks so anymore. In the world, everyone trusts Cosic. It would not be good for our country if that changed.

[NIN] LE MONDE also mentioned certain misunderstandings over the recognition of Macedonia.

[Panic] I know that one of the conditions for lifting the sanctions and Yugoslavia's return to the international community is the recognition of the so-called former Yugoslav republics. One of them is Macedonia.

I would like to remind you in connection with that that the Greeks are our friends, and that is how I also perceive them, but that they nevertheless voted against us in the United Nations. They also voted against us in the CSCE. I openly say to them, "What is your warship doing in the Adriatic?" The Greeks answer that they have to listen to the EC, and I say, "You have to listen to Germany's command." It really bothers me that they constantly hide behind the EC. Why don't they tell the EC, "We are not in favor of the sanctions against Yugoslavia; we are not in favor of its expulsion from the CSCE!" They can do that. Why don't they do it now? Why aren't they saying "No" to the sanctions against Serbia, but they expect us to say "No" on Macedonia? After all, even in friendship there has to be give and take.

I believe that the Serbs have a united opinion on the fact that they are friends of the Greeks. Naturally, it is our obligation to be concerned about the Serbs in Macedonia, about the Serbian people's churches and shrines there. In that regard I would like to explain that my statement about recognizing Macedonia is nothing more than a statement. In order for something like that to be fulfilled, more than a hundred pages of agreements and treaties on the borders, on customs, on the monetary system, and on many other important matters are needed. Naturally, I would never recognize Macedonia if Cosic says that it will not be done. We do not have to agree on everything, of course, but he is the state president.

[NIN] And what are relations like in the government, among the ministers?

[Panic] Our government is a democratic one. We work together as a team, which is very important for the stability of Yugoslavia and for its future. It is possible because all the members of the government have the same interests. That is also the reason why we agreed quickly on our priorities. In the beginning I had a disagreement with one minister, with Mr. Vladislav Jovanovic [former foreign minister], because he voted against me. How can a minister vote against the prime minister?! And when he does it, he consequently is not mine, but belongs to someone else. I wanted to talk with him and explain that to him, but he ran to submit his resignation and write that letter, which caused a little instability in the government. I valued him as a diplomat and a professional, and we cooperated well in the beginning. He went with me and was surprised by what I could do in diplomatic meetings, and then he suddenly turned around the other way.

[NIN] Now the government to which he returned, the Serbian one, is accusing the Federal Government, yours....

[Panic] The Yugoslav Government cannot be responsible for the situation in the country, because the sanctions had already been imposed when it arrived. It is not necessary for me to emphasize who is responsible for the imposition of the sanctions, because that is known. Of course it cannot be my government.

[NIN] What is the relationship of the federal and republic authorities really like?

[Panic] I am observing a desire on the part of some leaders in the Republic of Serbia to blame the Federal Government for all the disasters that have happened to the people. That is sad and funny. It is sad because with those tricks it is trying to shift the responsibility from itself and transfer it to someone else. They are especially trying it now, in anticipation of the elections, in an attempt to get the people to reelect them so that they can continue to make the people happy as they have done so far. On the other hand, it is funny, because the people cannot be continually deceived. The people believed empty promises, and so now they are living with empty stomachs. Th[illegible]s what people feel every day, barely making ends meet. If our government had done everything wrong, it could not have ruined the country and the people this much in just three or four months.

Another important question, with respect to the relationship between the federal and republic authorities, is jurisdiction. It is precisely determined by the Constitution. Those who order federal ministries to be seized by storm under any pretexts certainly do not have any right to talk about legality and constitutionality, or even about normal civil discipline. It is intolerable, because it gives another bad example of how citizens should settle their (so-called) property and legal disputes. I have to remind those who are undermining the Federal Government of something that they themselves must know better than I do. They are precisely the ones who previously criticized the heads of certain republics for having done the same thing, accusing them of attempts to destroy Yugoslavia. They were right; Yugoslavia was destroyed by that kind of policy. I am in favor of reaching an agreement, and I want the people to believe me when I say that I am ready for any agreement in the interest of the people and their happiness and dignity.

I think that a dialogue, if I can call it that, sometimes perhaps even a combative dialogue, although you know that I am a peaceful person, will prevent relations between the federal and republic ministries of internal affairs from becoming a problem. It was not good that they disarmed our two policemen.

[NIN] It was not only not good, but also dangerous.

[Panic] It really was dangerous. It is like playing with the fuse of a bomb. I think that such mistakes will no longer be made. These are the trials of democracy, however. We have to pass through this, and then relations—when responsibility is divided someday—will be much better than they are today. We are conducting international policy. It is out of the question that this could be any different.

[NIN] Prime Minister Bozovic challenged you to a television debate.

[Panic] That is not serious.

[NIN] What do you expect from the elections?

[Panic] I expect the democratic forces to win the elections. That means all those united forces which are prepared to fight for true democracy. I am certain that there are very many adherents of such orientations. It is a question of people's choosing between good and evil, war and peace, failure and progress, instability and stability, cosmetic alterations in a decayed system and the building of a new one. The elections are a choice between the policy that has led to this terrible evil, and the policy that would lead to better days for the entire people.

That is why I say that I expect the democratic forces to win. It is clear to the people that those who have led them

so far have had enough time to prove themselves. Instead of rising upward, the country and the people have sunk deeper and deeper into disaster. The country is falling apart, tens of thousands of people have died, and many more have been wounded. The economy is almost collapsing, and that is in a country with enormous possibilities for an economic boom. Many people here are living on the brink of poverty.

[NIN] But the Socialists in power are also offering democracy....

[Panic] Democracy cannot be offered by those who only do it in their speeches, while in practice they do the exact opposite. The people must not be manipulated by the use of television as the most powerful propaganda medium. The people should not be manipulated at all. They have to be told the complete truth, regardless of how painful it is. I think that this is particularly true of the period before the elections, because the people are still being driven to disaster by untrue information, concealment of the truth, the spreading of half-truths, and the preparation of special broadcasts to slander political opponents.

I think that there will also be better Socialists, however. I am in favor of the triumph of law, but at the same time I am in favor of the triumph of responsibility. You saw the debates in our federal parliament. I am not against criticism. Furthermore, without it there cannot be any democratic progress for society. I wonder, however, how many critics there are who can prove what they claim. Someone else is to blame for everything, and they are not to blame at all. I repeat, they have a right and an obligation to criticize, but they also have to bear the responsibility for what they claim. It is good that television broadcasts the Assembly debate, because the people will certainly no longer show trust in such critics. Let the people reach their own judgment and make a choice, on the basis of the real state of affairs and the real information. I would warmly welcome the outcome of those elections, and I think that the entire people and the entire democratic world would as well. That would be the right way to eliminate the sanctions, and extricate the people from the quarantine in which the world has put us.

[NIN] How will the united opposition win, if it unites at all?

[Panic] If it does not unite, then it will lose.

[NIN] Even if it does unite, all the analyses indicate that it can only win with the two of you, with you and Mr. Cosic. That is shown by all the polls. More than half the respondents state that they would vote for a party or coalition headed by Cosic or Panic.

[Panic] I think that we have a great responsibility, and that it really is an enormous one. When I came here, I first learned who was a bigger communist and who was less of a communist. Then the real measure of patriotism began to be established. I really thought that I was a patriot. Now I know it for sure, because what I am enduring in the position of federal prime minister can only be done by a patriot.

[NIN] You stated that you would be a candidate for a certain specific post. Can you tell us which one?

[Panic] I do not think that I can give you an answer to that question at this time.

[NIN] Is that some special strategy?

[Panic] Perhaps it can be called that. I do not want to talk about the elections yet, but I am not ruling out the possibility that the time will come for it. I think that it is not good for me to say yes today, and no tomorrow.

[NIN] Will Serbs outside of Yugoslavia be allowed to participate in the elections?

[Panic] On several occasions I have talked about how the Federal Government is obliged to be concerned about Serbs, not only in Serbia, but also those outside of Serbia. This means also those in the Krajinas, in Macedonia, and in other areas. We have to fight to make sure that every Serb outside of Serbia has the same rights as all other citizens.

As far as the Federal Government is concerned, it is much harder today for it to fight for the rights of Serbs in the Krajinas than was the case previously. Croatia and Bosnia have been recognized by many countries in the world.

I think that at the time when Yugoslavia was a unified state, very broad international support could have been obtained in the struggle for the rights of Serbs in the Krajinas, and that all those who violated those rights, including the right to self-determination, could have been isolated. The Federal Government and I are not to blame for the fact that it did not happen, because we only found a situation that was a consequence of the policy before that time.

In spite of this, no one can charge us with turning our backs on the Serbs outside of Serbia. All Serbs are brothers.

[NIN] How are you thinking of including the Albanians in the elections?

[Panic] My position and in general the Federal Government's position on Kosovo is clear.

We are proceeding from the fact that Kosovo is an integral part of Serbia and Yugoslavia. A few days ago, in Pristina, I criticized the Kosovo authorities when they talked about how the Albanians want to secede. I said that they should stop talking about it, because it will never happen. Then they told me that they would all be with me, if I could get one of the cochairmen of the Geneva Conference on Yugoslavia to say so as well. Several hours later, I told Lord Owen to announce that publicly, and to repeat that position, and he did it. I do

not know whether the official representatives of the Kosovo authorities will keep their promise that they will be with me. I know that many shrines are located in Kosovo. It is clear to everyone that they are Serbian, and that is the only way they can be; but it is not necessary to talk constantly about how someone wants Kosovo to secede. We have to talk about how to preserve the peace that still prevails in Kosovo through patient dialogue, but we also have to ensure the equality of all the people who live there. These are the vital interests of the Albanians, the Serbs, and the Montenegrins, as well as everyone else. It is also a vital interest for Serbia and Yugoslavia, because then we will have complete stability in this part of Serbia, and thus in Yugoslavia and the Balkans.

[NIN] When do you think that all this will be finished? The question, naturally, refers to the outcome of the Yugoslav crisis.

[Panic] As you know, I am an optimist.

[NIN] That is why we are asking you.

[Panic] I think that it is already happening. Take just the court decision on the so-called territorial dispute between the federal and republic ministries of internal affairs. That court decision represents an enormous step toward democracy. Consequently, significant things are happening, which we often overlook.

The situation will nevertheless not essentially change until people are better paid and until they are able to live normally. When will that happen? The most important thing is for the sanctions to be lifted, because they are destroying us. Naturally, it can be said that even under the sanctions we have to live, that we will cope somehow, and that we will survive. All of that is true, of course, but what is the cost? How much is the mistaken policy that led to having the whole world against us costing the people?

[NIN] How would you define yourself? Do you know more than we know, and are you perhaps naive and gullible? It is hard to believe that you are naive and gullible, although perhaps at the beginning of your term you were insufficiently informed. If you know something more than we do, however, tell us and we will listen.

[Panic] It is true that in the beginning I was not sufficiently informed. All jokes aside, I was not sufficiently informed simply because the situation in Yugoslavia is very complicated. I think, however, that it can be simplified. I am inclined to do precisely that, to make complicated problems simple ones.

[NIN] The people obviously like that.

[Panic] It seems so. If it is important in business to simplify problems, the same rule should also apply in politics.

[NIN] How did you perceive the confidence vote in the Assembly, when the Montenegrins practically saved your government? With what feelings?

[Panic] I knew that the outcome would be favorable. I respect the Assembly, but not certain people in it. In spite of the criticisms made of the Assembly, I think that it also confirms that democratic changes are taking place here.

For the establishment of full democracy, it is very important to have the sanctions lifted. Many citizens, unfortunately, do not even know what the conditions for that are. For example, we are being asked to work together with the United Nations, to oppose ethnic cleansing, and to remove the paramilitary forces. I am against paramilitary forces. I believe that our Army is also against them. President Cosic also agrees with this.

[NIN] Do you think that, regardless of the reasons why they were imposed, the sanctions are nevertheless too harsh?

[Panic] I personally think that the sanctions are very harsh. I think that the world went too far. Above all, it is too big a punishment for the people, especially since the authorities are not being punished, but rather, as I said, the people.

[NIN] Doesn't it seem to you that a vicious circle has been created by the sanctions? Their continuation is helping one political faction that is encountering criticism in the world, but the Federal Government's policy and your policy are not receiving any assistance in the form of any lifting of the sanctions, even symbolically. Is such behavior by the international community advisable?

[Panic] I completely agree with you. I asked the same thing in Brussels. I think that the international community is making a mistake in this regard.

[NIN] You are a person who is quite familiar with the American political scene. Is the outlook better for us after the Democrats' victory in the presidential elections?

[Panic] Absolutely better, 10 times better! I personally know every Democrat in America.

[NIN] In the election campaign Clinton made militant statements, however.

[Panic] In the election campaign, that is true. It is supposed to show who is more decisive, but it does not necessarily have to mean that once elected the president will be obligated to fulfill statements made previously.

[NIN] We hope that your colleagues will not be angry at us if we reveal that, as a joke and with good intentions, they call you Speedy Gonzalez, simply because they cannot catch up with you.

[Panic] They are right. In 60 weeks I have been in 30 countries, met about a hundred statesmen and diplomats, and spoken at the United Nations and the international conferences in London and Geneva, and in just 120 days I have done a great deal to change the opinion regarding Yugoslavia. After all, what statesman has succeeded in meeting in one day with as many as three presidents of three different countries? Consequently, if I am guilty of something, it can only be my speed, and by no means my performance.

Data on New Weapons Produced in FRY Factories

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[Article by Miroslav Lazanski: "New Weapons From Domestic Factories"]

[Text] The former Yugoslavia belonged to an exclusive club of the 10 largest world producers and exporters of modern weapons and military equipment, so that in the late eighties the average inflow of foreign exchange from the military business amounted to approximately $2.5 billion a year, which was twice as much as the earnings obtained from tourism. Yugoslav weapons were valued and purchased all over the world.

Thus, Sweden was purchasing our bathyspheres of the "bathtub" type and showed an interest in buying our M-84 tank. Kuwait bought 230 of our tanks, Libya was purchasing our "Sea Gull" and "Hawk" aircraft; Burma (Myanmar) was purchasing our "Super Sea Gull" aircraft; France was purchasing the "Gazelle" helicopters for ground forces; the Sudan—warships (patrol boats); Iraq—minesweepers, patrol boats, a ship for rescuing submarines, cannons, and multiple rocket launchers; Saudi Arabia—trucks and protective masks; Indonesia—warships; Canada and the United States—ammunition; the former USSR—electronics; Cyprus—multiple rocket launchers; Egypt—modified rockets; and a dozen other countries were purchasing our infantry weapons from the Zastava firm.

That is how it was right up until the outbreak of war on the territory of Yugoslavia, which is now no more. The war broke the technological chain in the production of many types of modern weapons, and the exports were put in jeopardy.

Reorganization of Institutes

Following the secession of the four republics, of course, because certain military-industrial capacities remained there, the military institutes were faced with a very urgent and difficult task: to make up the gap as soon as possible in the interruption of the production of military equipment which before the war had been produced in what are now former "Yugoslav" republics.

Within the framework of the process of transformation of the new Army of Yugoslavia, the Military Engineering Institute in Belgrade was given the central place and role in reestablishing production of all the military equipment that formerly had been made in the secessionist republics and modernization of the existing combat equipment and gear, as well as development of new combat systems for the Ground Forces, the Air Force and Air Defense, and the Navy.

The Military Engineering Institute of the Army of Yugoslavia integrated within itself the previous Military Engineering Institute of the Ground Forces, the Air Force Institute, and the Marine Institute in Zagreb (some 20 naval experts came from there). So now the Military Engineering Institute actually covers the needs of all three branches of the armed forces.

Why was the former Military Engineering Institute of the Ground Forces transformed into the Military Engineering Institute of the Army of Yugoslavia? What was gained by that?

Personnel potential, equipment, especially laboratory equipment, and technical potential, complete scientific and technical documentation, all of that stayed in the Military Engineering Institute of the Army of Yugoslavia.

Today, the principal activity of the institute can be seen in the transfer of technology and preparation of the transfer of technology to new producers of combat equipment on the territory of the new Yugoslavia.

"Krusik" Is Bringing Back Retirees

Whereas only two years ago the Military Engineering Institute was engrossed in the tasks of the program of a new domestic tank, the "Whirlwind," an integrated digital communications system (disk), the new "Drug" guided antitank missile, the "Arrow-10M" air defense missile system, a 40-mm-caliber air defense artillery system, new infantry antiarmor weapons for close and short-range combat, the "Aris" automated radio reconnaissance system, the new M-95 "Vidra (Otter)" infantry combat vehicle, a system for detecting low-flying targets, a radar for observation and sighting; whereas, that is, two years ago it was working intensively on these programs, over the last eight months the Military Engineering Institute of the Army of Yugoslavia has had to give priority to other problems.

First of all, it had to master the technology and engineering which were not up to now done in Serbia and Montenegro: the transfer of double-base gunpowder and all the rocket fuels, production of all the detonating materials, production of black gunpowder and fuse (which up to now has been made by Kamnik in Kranj), production of fuses, production of 120-mm mortar ammunition (ammunition for the 60- and 82-mm mortars was made in Serbia even previously), production of all the ammunition for infantry rifles, production of antiaircraft ammunition up to 57 mm (this includes ship artillery ammunition up to that caliber), 100-, 250-, and 500-kg aerial bombs, and production has also been

mastered of the popular "Hornet" and "Wasp" bazookas, which were not previously made in Serbia, production of certain calibers of artillery ammunition, infrared lures, pyrotechnology....

In the former Yugoslavia, the factory in Bugojno made fuses for mines and hand grenades. Now this is done by factories in Montenegro. The production of detonators moved from the Krusik factory in Valjevo to Gorazde some 30 years ago. Now Krusik has pulled the old machines and equipment out of the warehouse and activated some of its retirees who were making detonators 30 years ago.

The Launch of a Drone

The mastering of certain special devices and technologies in Serbia has been helpful even to mining (the technology of combating methane in mines, the problems of obtaining gunpowder and fuse), and the Military Engineering Institute of the Army of Yugoslavia has been helping the country's mining industry to emerge from the technological isolation created by the sanctions and the embargo. Eight months is really a very short time for transfer of technology to the new Yugoslavia, and the Military Engineering Institute has done this successfully. The whole question now is the military budget, that is, the financial funds that will be available. There are no longer any scientific-technological obstacles to the production of even the most modern weapons systems, but the military industry of the FRY [Federal Republic of Yugoslavia], that is, production of military equipment and gear, could in two or three years reach the prewar level of exports, again provided that appropriate financial resources are invested in it. The potential is there, the Military Engineering Institute of the Army of Yugoslavia has an interest in the broadest possible cooperation with the country's entire industry, all the institute's facilities are open to the economy, and cooperation with the university goes in both directions.

As for technical innovations, a drone for electronic reconnaissance which would be reusable has completed tests, and there is great international interest in it. The "Super Sea Gull" and "Eagle" aircraft will undergo modernization, in which experience from this last war, in which the "Eagle" aircraft proved to be a particularly tough airplane, will be used. That is, in wartime operations the "Eagles" were able to return to base even when they had been hit in the tail by "Stinger" missiles. There will be innovations in the field of missile engineering as well, above all concerning missile warheads of the cluster type.

But perhaps new ballistic missiles with a range of several hundred kilometers will after all be strategically the most important for the new Yugoslavia.

Montenegro

UN Official Optimistic About Dam Repairs

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[Text] Geneva, Dec 1 (AFP)—Work to shore up a weakened Montenegro dam holding back millions of tonnes of toxic pollutants should be completed in about 10 days, a U.N. official supervising the project said Tuesday [December 1].

"I am reasonably optimistic and I think that the worst has been avoided provided we have no new rains," said Hans Zimmermann of the United Nations Department of Humanitarian Affairs (DHA-UNDRO) after visiting the site this weekend.

The dam at Mojkovac was weakened by rains that turned a mountain river, the Tara, which feeds into the Danube basin network, into a torrential waterway. The dam holds back seven million tonnes of toxic residue from old zinc and lead mines, that are now closed.

Should the dam break, it could seriously pollute parts of Montenegro, Serbia and other Danube areas, experts have warned.

Small dykes are already in place to redirect the river's flow and "the current is no longer eroding the dam's base," Zimmermann said.

Two U.N. engineers are overseeing the work, which included covering the top part of the dam with plastic sheeting to prevent rain water from infiltrating and weakening the structure.

Metal, rock-filled cages were set up to strengthen the dam wall, but "new rainfalls could aggravate the situation," said Zimmermann.

U.N. officials were also trying to help 6,000 residents from Mojkovac who are now homeless after their houses were destroyed by the torrential rains that have pounded the region in recent weeks.

The only hotel in Mojkovac is right next to the toxic dump.